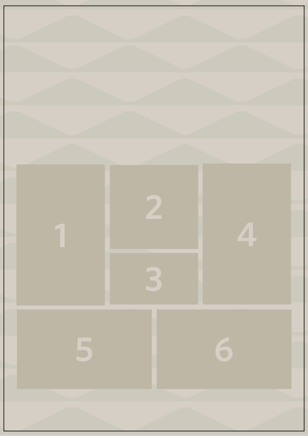
ANNUAL REPORT 2023

SHANGRI-LA ASIA LIMITED

Incorporated in Bermuda with Limited Liability
Stock code: 69

SHANGRI-LA GROUP

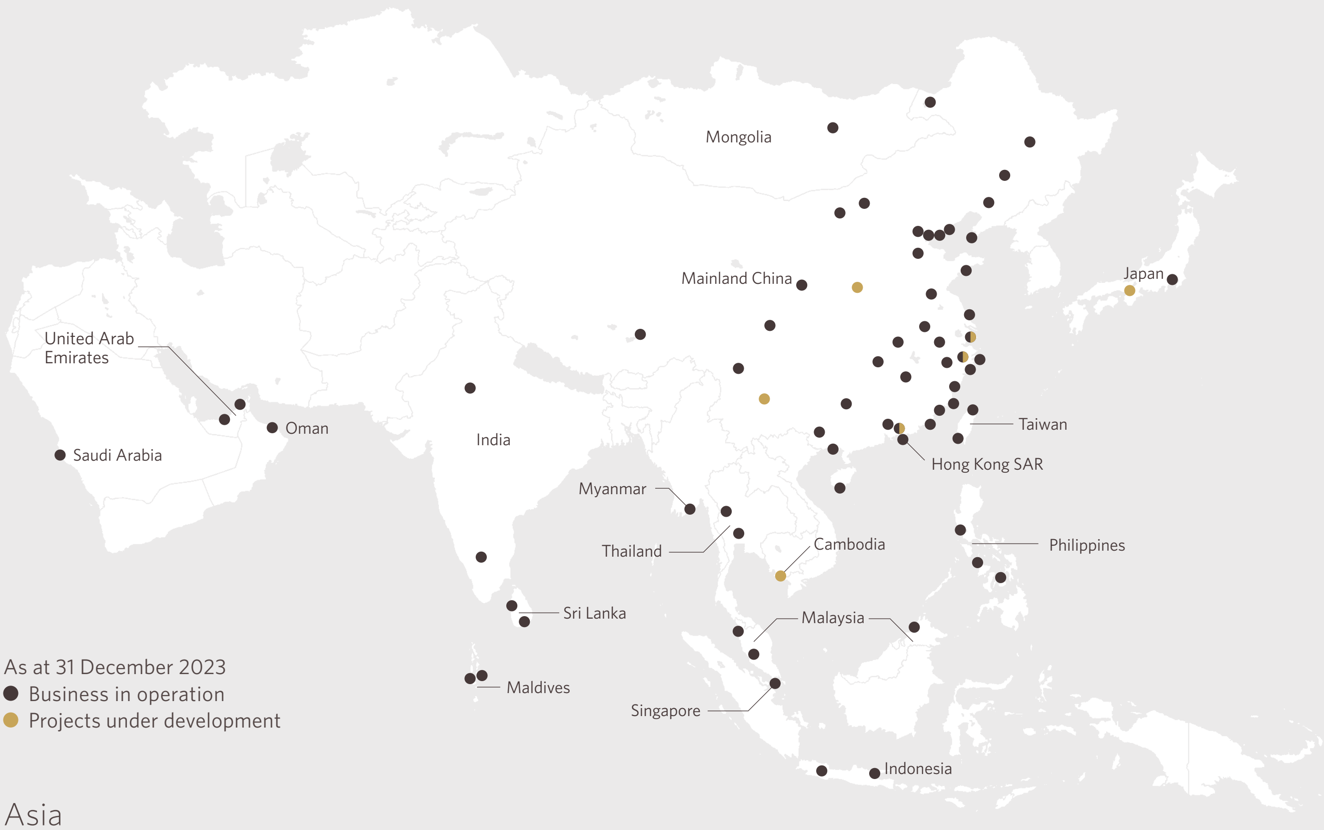


Cover Photos:

1. Shangri-La The Shard, London
2. Fuzhou Shangri-La Centre
3. Shangri-La Shougang Park, Beijing
4. Shangri-La Singapore
5. Shangri-La Boracay
6. Shangri-La Qiantan, Shanghai

Contents

The Group's Business Presence



As at 31 December 2023
- Business in operation
- Projects under development

Asia

Cambodia
Phnom Penh

Hong Kong SAR

India
Bengaluru
New Delhi

Indonesia
Jakarta
Surabaya

Japan
Tokyo
Kyoto

Mainland China
Baotou
Beihai
Beijing
Changchun
Chengdu
Dalian
Diqing
Fuzhou
Guangzhou
Guilin
Hangzhou
Harbin
Hefei
Huhhot
Jinan
Kunming
Lhasa
Manzhouli
Nanchang
Nanjing
Nanning
Ningbo
Putian
Qingdao
Qinhuangdao
Qufu
Sanya
Shanghai
Shenyang
Shenzhen
Suzhou
Tangshan
Tianjin
Wenzhou
Wuhan
Xiamen
Xian
Yangzhou
Yiwu
Zhengzhou
Zhoushan

Malaysia
Kota Kinabalu
Penang
Kuala Lumpur

Maldives
Male
Villingili

Mongolia
Ulaanbaatar

Myanmar
Yangon

Oman
Muscat

Philippines
Boracay
Cebu
Manila

Saudi Arabia
Jeddah

Singapore

Sri Lanka
Colombo
Hambantota

Taiwan
Tainan
Taipei

Thailand
Bangkok
Chiang Mai

United Arab Emirates
Abu Dhabi
Dubai

Oceania

Australia
Cairns
Sydney
Melbourne

Fiji
Yanuca

Europe

France
Paris

Turkey
Istanbul

United Kingdom
London

Africa

Mauritius

North America

Canada
Toronto
Vancouver

Financial Highlights

The following table summarises the highlights of our financial results:

	2023 USD Million	2022 USD Million	2023/22 % Change
Consolidated Revenue	**2,141.8**	1,462.1	46.5%
Effective share of revenue of the Company, subsidiaries and associates (Note 1)	**2,769.2**	1,915.4	44.6%
EBITDA (Note 2) of the Company and its subsidiaries	**522.2**	174.4	199.4%
Effective share of EBITDA (Note 3) of the Company, subsidiaries and associates	**873.6**	441.6	97.8%
Profit/(loss) attributable to owners of the Company			
– Operating items	**129.0**	(161.6)	N/M
– Non-operating items	**55.1**	3.1	1,677.4%
Total	**184.1**	(158.5)	N/M
Earnings/(loss) per share (US cents per share)	**5.17**	(4.44)	N/M
Net assets attributable to owners of the Company	**5,222.4**	5,254.0	–0.6%
Net assets per share attributable to owners of the Company (USD)	**1.47**	1.47	0.0%

(N/M: Not meaningful)

Notes:

1. Effective share of revenue is the aggregate total of the Company's revenue and the Group's share of revenue of subsidiaries and associates based on percentage of equity interests.

2. EBITDA, which is a non-HKFRS financial measure used to measure the Group's operating profitability, is defined as the earnings before finance costs, tax, depreciation and amortisation, gains/losses on disposal of fixed assets and non-operating items such as gains/losses on disposal of interest in investee companies; fair value gains/losses on investment properties and financial assets; and impairment losses on fixed assets.

3. Effective share of EBITDA is the aggregate total of the Company's EBITDA and the Group's share of EBITDA of subsidiaries and associates based on percentage of equity interests.

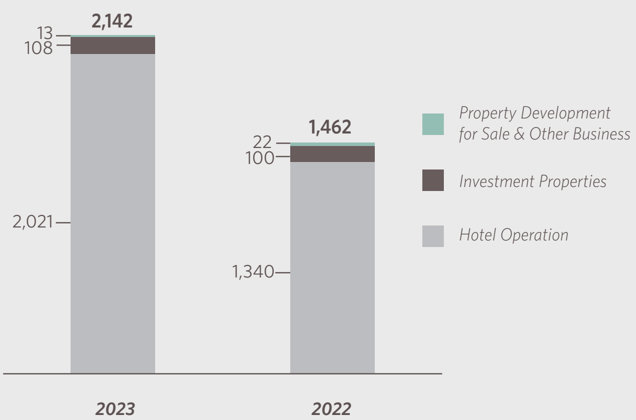
- Hotel business recovery was mainly led by both Mainland China and Hong Kong post reopening of borders in early 2023, while hotels in rest of the world continued to see strong travel demand.

- Effective share of EBITDA for the year ended 31 December 2023 was USD873.6 million, an increase of 97.8%, compared to USD441.6 million for the year ended 31 December 2022, a result of cost efficiencies at hotel management services on top of overall business recovery.

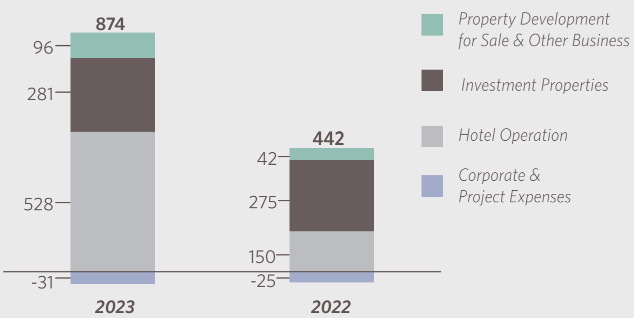
- Operating profit attributable to owners of the Company before non-operating items for the year ended 31 December 2023 was USD129.0 million, an improvement of USD290.6 million, compared to a loss of USD161.6 million for the year ended 31 December 2022, driven by strong recovery of the hotel business.

- Resuming payment of dividends at HK15 cents per share, totalling approximately USD70 million given positive free cashflow and stabilisation of business recovery.

Segment Revenue by Category (USD Million)

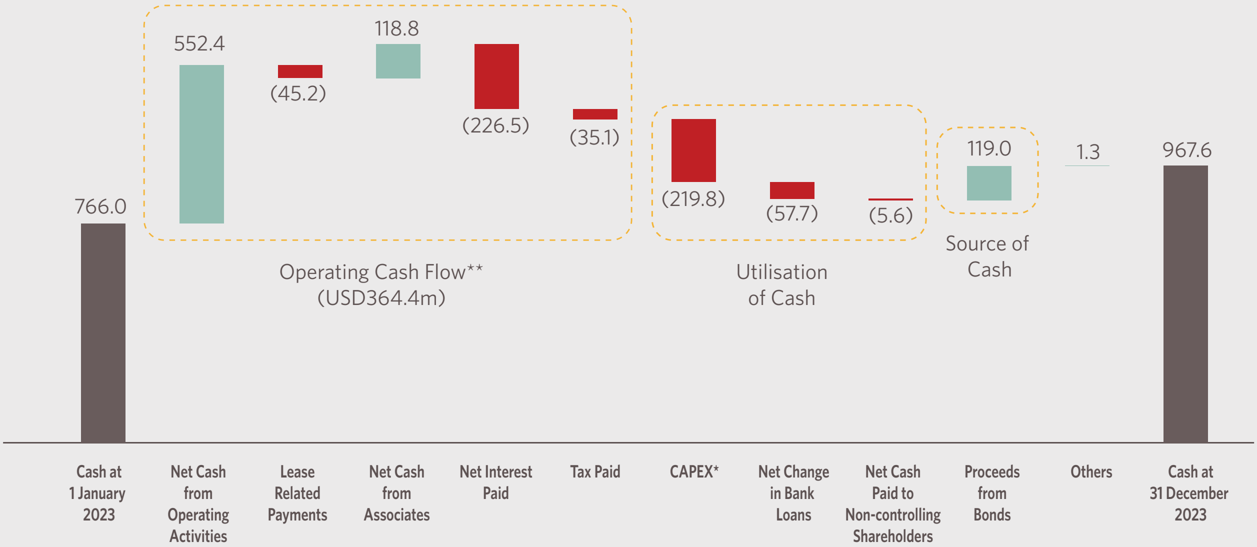


Effective Share of EBITDA of the Company, subsidiary and associates by Category (USD Million)



Financial Highlights

Movement of Cash Flow (Note)
(USD Million)

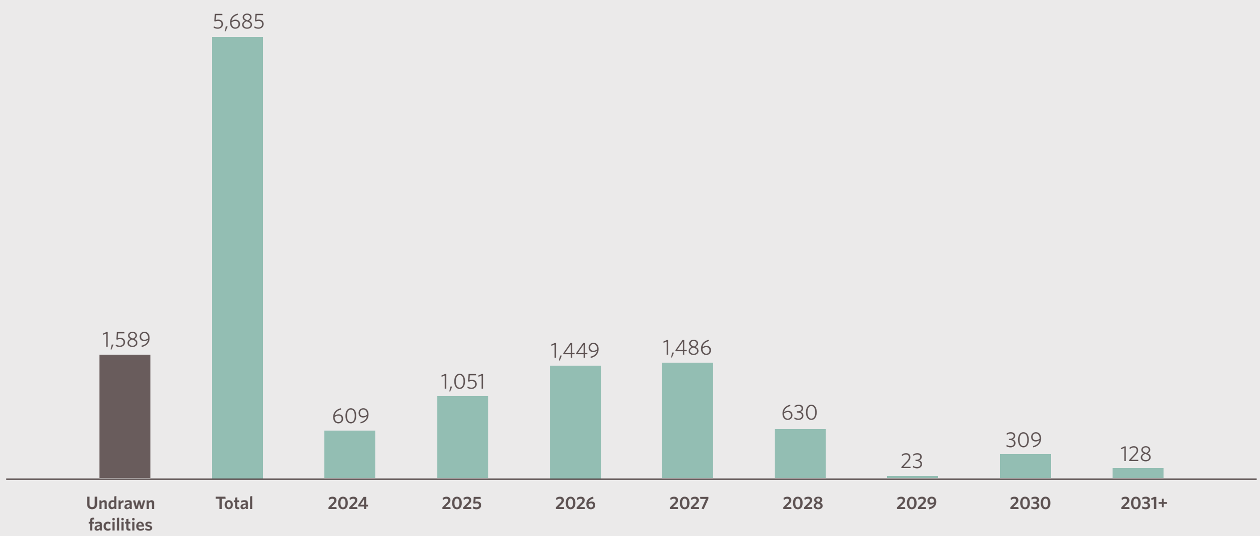


* Capital expenditure ("**CAPEX**") includes fund injection to associates for their CAPEX

** Operating cash flow includes operating cash flow from the Group's subsidiaries as well as interest income and certain cash received from associates by way of loan repayments, interest and dividend payments

Note: Movement of cash flow is presented from management's perspective which may be different from the cash flow presented in accordance with HKFRS disclosure requirements

Debt refinancing schedule chart including undrawn facilities
(USD Million)
Weighted Average Term: 3.48 years



Corporate Information

As at 22 March 2024

BOARD OF DIRECTORS
Executive Directors
Ms KUOK Hui Kwong *(Chairman)*
Mr CHUA Chee Wui *(Group CFO and Group CIO)*

Non-executive Director
Mr LIM Beng Chee

Independent Non-executive Directors
Professor LI Kwok Cheung Arthur
Mr YAP Chee Keong
Mr LI Xiaodong Forrest
Mr ZHUANG Chenchao
Ms KHOO Shulamite N K

EXECUTIVE COMMITTEE
Ms KUOK Hui Kwong *(chairman)*
Mr CHUA Chee Wui

NOMINATION COMMITTEE
Ms KUOK Hui Kwong *(chairman)*
Professor LI Kwok Cheung Arthur
Mr LI Xiaodong Forrest
Ms KHOO Shulamite N K

REMUNERATION & HUMAN CAPITAL COMMITTEE
Ms KHOO Shulamite N K *(chairman)*
Ms KUOK Hui Kwong
Professor LI Kwok Cheung Arthur
Mr YAP Chee Keong

AUDIT & RISK COMMITTEE
Mr YAP Chee Keong *(chairman)*
Professor LI Kwok Cheung Arthur
Ms KHOO Shulamite N K

COMPANY SECRETARY
Mr SEOW Chow Loong Iain

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong SAR

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
28/F Kerry Centre
683 King's Road
Quarry Bay
Hong Kong SAR

REGISTERED ADDRESS
Victoria Place
5/F, 31 Victoria Street
Hamilton HM10
Bermuda

PRINCIPAL SHARE REGISTRAR IN BERMUDA
MUFG Fund Services (Bermuda) Limited
4/F North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG
Tricor Abacus Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong SAR

STOCK CODES
HKSE – 00069
Singapore stock exchange – S07
American Depositary Receipt – SHALY

WEBSITES
Corporate – www.ir.shangri-la.com
Business – www.shangri-la.com/group

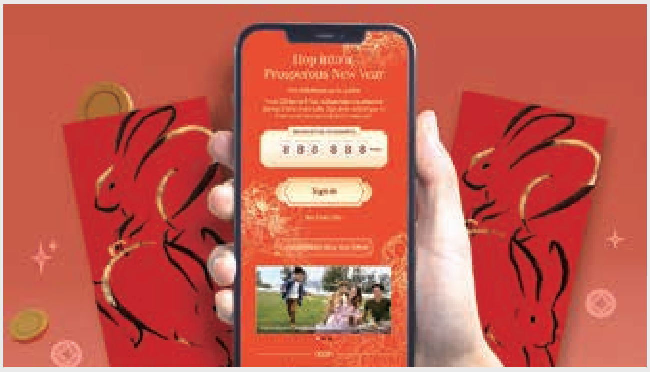
INVESTOR RELATIONS CONTACT
admin.ir@shangri-la.com
28/F Kerry Centre
683 King's Road
Quarry Bay
Hong Kong SAR

KEY DATES
Closure of registers of members for Annual General Meeting
27 May 2024 to 30 May 2024, both dates inclusive

Annual General Meeting
30 May 2024

Announcement of 2024 interim results
August 2024

Year in Review



January
To celebrate Chinese New Year with our valued members in a festive, joyous, and engaging manner, Shangri-La Circle introduced the "Chinese New Year Digital Red Packets" campaign, offering a fun-filled points giveaway experience through the Shangri-La Circle App.

February
On 27 February Shangri-La Group unveiled its 106th hotel, JEN Shenzhen Qianhai by Shangri-La. With this new addition to the Group's global portfolio, Shangri-La has brought the "JEN by Shangri-La" brand and its spirit of "Live New Asia" to one of the most vibrant destinations in the Greater Bay Area.

March
Island Shangri-La, Hong Kong collaborated with acclaimed Japanese artist Mika Ninagawa to create an enchanting artistic experience at the Shangri-La Lounge at Art Basel Hong Kong in March, ahead of the debut of the Group's much anticipated global brand campaign.

March
Seven of our restaurants and bars received prestigious awards for their exceptional cuisine and service. Restaurant Petrus and Summer Palace at Island Shangri-La, Hong Kong, Shang Palace at Kowloon Shangri-La, Hong Kong, and Shang Palace in Shangri-La Paris each earned one Michelin star in the Michelin Guide 2023. Jiangnan Wok in Shangri-La Nanjing was named a Black Pearl Two Diamonds Restaurant 2023, and our bars Back Room from Shangri-La The Fort, Manila and Origin Bar from Shangri-La Singapore were ranked among the Top 100 at Asia's 50 Best Bars 2023.

Year in Review

April
On International Mother Earth Day, we engaged more than 2,300 colleagues, guests, schools, and community members who dedicated 8,300 hours in various green initiatives. These included the "Rooted in Nature" culinary program, farm visits, eco-park tours, and planting endangered plants. Together, 98 of our hotels hosted 107 activities, benefitting nearly 3,000 individuals and contributing to the protection of 10 endangered species.

April
With an unwavering commitment to continual refinement and advancement, Shangri-La Circle's efforts flourished at the MARKETING-INTERACTIVE Loyalty & Engagement Awards Hong Kong 2023. Garnering five distinguished accolades, including the prestigious Best of Show honour, stood as a testament to our dedication to excellence in customer engagement marketing, marking a pinnacle achievement of the year.

May
Shangri-La released its new "Find Your Shangri-La" global campaign, featuring a brand film developed in partnership with GRAMMY® award-winning director Dave Meyers. The whimsical film, together with themed experiences launched globally, celebrated the brand's commitment to providing guests with unforgettable experiences as they discover their own Shangri-La.

May
The opening of YUN WELLNESS of Island Shangri-La, Hong Kong marked a significant milestone for Shangri-La Group, offering a transformative experience for guests. This state-of-the-art wellness facility provides an array of holistic treatments, cutting-edge technologies and expert practitioners. The centre is an ideal place for guests to rejuvenate their mind, body and soul while cultivating a deeper sense of well-being.

Year in Review

June

To mark World Oceans Day, Shangri-La hotels from across the globe united to conserve our precious marine environments. 92 of our hotels organised beach cleanup campaigns with over 2,800 volunteers who dedicated 8,000 hours of service. We also partnered with local organisations to engage students and community members in educational experiences, such as site visits to aquariums, turtle sanctuaries, and national parks.

June

Shangri-La launched the "Where the Story Begins" campaign to tap into China's booming domestic leisure tourism markets in China's tier 2, 3 and 4 cities. It showcased each city's natural beauty and our hotels' unique offerings, making Shangri-La the gateway for guests to explore cultural and experiential destinations.

June

Shangri-La Group sponsored two key races in the 2023 Hong Kong International Dragon Boat Race, the first international sports event organised by the Hong Kong Tourism Board since the pandemic. Kowloon Shangri-La, Hong Kong, also served as the official hotel for the event, which attracted nearly 4,000 athletes from 10 countries.

July
Shangri-La Group provided 300 temporary homes to residents of Hatay, one of the worst-affected areas by the devastating earthquakes that struck Turkey earlier in the year. The community care project has been named "Dostluk Kenti", meaning "Friendship City". This was made possible through donations by Shangri-La employees worldwide, which were then matched by the Group. It serves as solid proof of how the Group supports communities in times of need.

July
The Bloom, a new recreational family communal area at Shangri-La Sanya, had its grand opening in mid-July. The main attractions include a Southeast Asian-themed night market, outdoor cinema, off-road karting track, family-friendly games and activities, and daily live performances, creating a truly memorable family experience.

October
During Pink October, a global movement to enhance the wellbeing of women and breast cancer awareness, we hosted various community programs, and organised Pink Walks, Runs, Zumba, yoga, and meditation sessions for our guests and the community. Proceeds from pink-themed tea sets and bakery products were donated to local breast cancer funds and charities.

November
Collaborating with the Arabian Gazelles, a women-only Supercar Club in the UAE, Shangri-La brought together the founder of the club and select members on an exhilarating road trip from Shangri-La Dubai, through Oman's enchanting and stunning Hajar mountain range, to Muscat's spectacular coastline. The excursion was followed by three days filled with incredible experiences at Shangri-La Al Husn, Muscat.

Year in Review

November

Shangri-La hosted our first Annual Global Conference post-pandemic in Beijing, under the theme "Pioneering the Next Horizon". Our partners and guests had a valuable opportunity to exchange insights and deepen their understanding of the dynamic China market. The event concluded with a visit to Shangri-La Shougang Park, our iconic new hotel transformed from a historic factory, where attendees were given a captivating glimpse of our strategic initiatives.

November

Shaping a brighter future for the next generation and inspiring them to reach their potential, Shangri-La celebrated World Children's Day with creative and inclusive activities for local children, such as cooking workshops and educational visits. 99 of our hotels participated, and 1,600 volunteers dedicated 6,100 hours through 100 activities. The collective effort has benefitted 3,800 children, provided 2,400 meals, and promoted career development and a healthy lifestyle.

December

The Palawan@ Sentosa, Shangri-La Group's first-ever standalone lifestyle entertainment precinct, fully opened on Sentosa Island, Singapore, with eight leisure experiences to delight both residents and international travellers alike. Featuring several new-to-market activities and attractions such as Asia's first gamified electric go-kart circuit, guests and customers can enjoy the colourful joys of life outside the hotel setting.

Awards of the Year 2023

Business Traveller Asia-Pacific Awards 2023
Best Business Hotel Brand in the World

Business Traveller Asia-Pacific Awards 2023
Best Business Hotel Brand in Asia-Pacific

Business Traveller Asia-Pacific Awards 2023
Best Luxury Hotel Brand in Asia-Pacific

Business Traveller UK Awards 2023
Best Business Hotel Brand in the World

Business Traveller UK Awards 2023
Best Business Hotel Brand in Asia-Pacific

Travel + Leisure World's Best Awards 2023
25 Best Hotel Brands

Travel Weekly Asia Readers' Choice Awards 2023
Best Hotel, Asia Pacific

TripAdvisor Travelers' Choice Awards 2023
Best of the Best Top Hotels – World

Forbes Travel Guide
5-Star Award Winners, various destinations

DestinAsian's Readers' Choice Awards 2023
Best hotels and resorts, various destinations

Condé Nast Traveler's 2023 Readers' Choice Awards
Best hotels and resorts, various destinations

Luxury Awards Asia Pacific 2023
Best family resorts, beach resorts, hotel beaches and spas, various destinations

MARKETING-INTERACTIVE Loyalty & Engagement Awards 2023
Best of Show: Shangri-La Circle
Best Use of Contests & Promotions – Gold
Best Use of Rewards & Incentives – Gold
Best Loyalty Campaign – Launch/Rebranding – Silver
Best Use of Rewards & Incentives – Silver
Best Use of Gamification – Silver

HSMAI Adrian Awards 2023
Gold, President's Award – Brand Campaign: "Find Your Shangri-La"
Silver, President's Award – Digital – Video: "Find Your Shangri-La"
Silver – Integrated Campaign – Business to Consumer: "Find Your Shangri-La"

HR Distinction Awards 2023
Excellence in Workplace Culture - Gold
Excellence in Leadership Development – Gold
Excellence in Learning & Development – Gold

Best East
Preferred Group Employer of Tourism & Hospitality Industry

HRoot
Best Practice of Human Resource Management in Greater China

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of Shangri-La Asia Limited ("Shangri-La") for the financial year ended 31 December 2023.

In 2023, Revenue grew 47% from USD1.5 billion in 2022 to USD2.1 billion. RevPAR ("Revenue per Available Room") from owned hotels grew 69% from USD64 to USD108, with Mainland China RevPAR notably recovering 105% from USD37 to USD76. Group effective share of EBITDA stood at USD874 million representing a complete 100% recovery from pre-pandemic 2019. Margins surpassed pre-pandemic levels as many of the efficiencies captured over COVID were sustained. Meanwhile, Operating Cashflow grew from USD64 million to USD364 million and Free Cash Flow turned positive from FY2022 to USD145 million.

These results put us in a good position to resume dividend payments. We are pleased to declare a dividend of HK15 cents per share, totalling approximately USD70 million and a payout ratio of 53% against Operating Profit after Tax and Minority Interest.

2023 was undoubtedly a better year for many as markets fully reopened and global travel approached near pre-pandemic levels. Despite ongoing macroeconomic challenges and rising interest rates, this upturn has been a welcome relief for the hospitality industry after three very testing years.

We have performed very well, and I am encouraged by our robust recovery. However, I do believe our success is not merely the result of riding the wave of market momentum or even our disciplined approach to managing costs during the pandemic.

Navigating COVID presented one of the most challenging periods in the Group's history. However, we took the crisis as an opportunity to reset and reaffirm our commitment to meeting the evolving needs of our customers by continuing to invest and innovate strategically across our people, product and customer engagement.

Meanwhile, our balance sheet remains healthy, allowing us to refinance our debt at favourable rates despite a challenging interest rate environment.

Our People: Our Most Important Asset

The dedication and resilience of our people were key to the strides we made in 2023, and I am deeply thankful for the commitment shown by our leadership, management and ground teams. At the same time, our deliberate decision to retain as many of our frontline colleagues as possible during the pandemic has also put us in a much stronger position to capitalise on more business opportunities going forward, especially in competitive labour markets.

We will continue to invest in our people and place a strong emphasis on their learning, development and career progression. In line with this commitment, we nearly doubled the average training hours per colleague in 2023 compared to the previous year. Furthermore, our dedication to enhancing the skills of our colleagues has also been publicly recognised through several human resources and best practice awards. We notably received three Gold awards for Excellence in Workplace Culture, Excellence in Leadership Development and Excellence in Learning and Development at the HR Distinction Awards 2023.

Cultivating talent within the Group is an ongoing, multi-year journey to which we are fully committed. Developing capabilities across disciplines and geographies will be essential to ensuring our people and business continue to grow and thrive.

Chairman's Statement

Our Strategic Transformation Continues

Our success in 2023 shows that the ongoing implementation of our strategic initiatives is working and moving the business in the right direction. Our focus will remain on delivering our distinctive brand of heartfelt Asian hospitality as we continue to expand our customer base and strengthen customer loyalty. Personal leisure trips, rather than business travel, is driving post-pandemic travel recovery, highlighting the relevance and effectiveness of our approach to meeting customer needs.

Customer engagement is also a key component of the customer experience. The revamp of our loyalty programme, Shangri-La Circle, in April 2022 has led to record levels of direct engagement and customer retention. This award-winning platform has enabled us to connect better with our diverse customer base and deliver increasingly curated experiences that resonate on a deeper level.

With this in mind, we will continue to develop and invest in programmes and initiatives that enhance our products and services, particularly within the leisure segment.

Our Focus on China

I am particularly proud of our performance in China, especially given the ongoing challenging macroeconomic conditions. Throughout 2023, we achieved multiple record-breaking milestones, underscoring our understanding of the evolving needs of Chinese consumers.

In line with our commitment to the Chinese market, we decided to hold our first Annual Global Conference post-pandemic in Beijing. The event was a wonderful opportunity to share insights and develop a deeper understanding of this dynamic market. Witnessing the enthusiasm of our partners and guests for the exciting opportunities in China and the potential that lies ahead was truly inspiring.

Integrating Sustainability for Our Future

As we look ahead and grow our business and product offerings, which we are excited to share more about in 2024, we remain fully committed to playing a positive role in the communities we serve.

As an Asian hospitality group, Asia is our home. Securing its sustainable future is crucial. We have strengthened our Environmental, Social and Governance (ESG) strategy to realise this vision by introducing our new 'Stay, Savour and Shine' framework. This holistic three-pronged approach aims to embed sustainability into every aspect of our business, spanning rooms, food and beverage, wellness and how we engage with our colleagues, suppliers and the wider community.

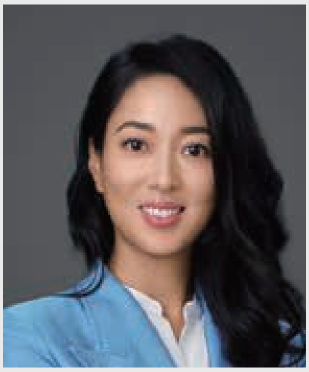
With our multi-year ESG journey already underway, we recognise it's more important than ever to ensure that the way we operate has a positive long-term impact on all our stakeholders, both now and in the years to come.

I would like to take this opportunity to thank all our guests, business partners, colleagues and shareholders for their steadfast support and trust over the years. We look forward to welcoming you to our properties again very soon.

KUOK Hui Kwong
Chairman

Board of Directors, Company Secretary and Senior Management

EXECUTIVE DIRECTORS



KUOK Hui Kwong
Aged 46, Malaysian
Executive Director
Chairman

Period of service with the Group

- Non-executive Director from October 2014 to June 2016
- Executive Director and Deputy Chairman from June 2016 to December 2016
- Executive Director and Chairman since January 2017

Other current major positions held within the Group

- Executive Committee – chairman
- Nomination Committee – chairman
- Remuneration & Human Capital Committee – member

Directorship of listed companies in the past three years

- China World Trade Center Company Limited (listed on the Shanghai stock exchange), an associate of the Company – director since April 2015; executive director since April 2018

Other current major appointments

- Kerry Group Kuok Foundation (Hong Kong) Limited (charitable organisation) – governor

Other previous experience and major appointments

- SCMP Group Limited (currently known as Great Wall Pan Asia Holdings Limited) (listed on HKSE with stock code 00583) – joined in October 2003; executive director from February 2004 to June 2016 (managing director and chief executive officer from January 2009 to June 2012)
- The Post Publishing Public Company Limited (currently known as Bangkok Post Public Company Limited) (listed on the Thailand stock exchange) – director from November 2012 to June 2016

Academic/professional qualifications

- Bachelor's degree in East Asian Studies – Harvard University, United States

Relationship with significant shareholders

- **Shareholding interest**
  - KGL (Substantial Shareholder) – deemed interest of more than 5%
  - Kuok Brothers Sdn Berhad (Other Major Shareholder) – deemed interest of less than 5%
  - Kuok (Singapore) Limited (Other Major Shareholder) – deemed interest of less than 5%
- **Directorship/office/employment**
  - KGL (Substantial Shareholder) – director
  - KHL (Substantial Shareholder) – director

Board of Directors, Company Secretary and Senior Management

CHUA Chee Wui
Aged 57, Singaporean
Executive Director
Group CFO and Group CIO

Period of service with the Group
- Executive Vice President of Special Projects from February 2018 to December 2018
- Head of Investment and Asset Management from January 2019 to August 2019
- Group CIO since September 2019
- Group CTO from April 2020 to April 2021
- Group CFO since August 2022
- Executive Director since September 2022

Other current major positions held within the Group
- Executive Committee – member

Other previous experience and major appointments
- Keppel Corporation Limited – general manager (Strategic Development) from 2000 to 2010; chief executive officer (Integrated Engineering) from 2004 to 2010
- Singbridge International Singapore Pte Limited (subsidiary of Temasek Holdings (Private) Limited) – executive vice president from January 2010 to February 2013

Academic/professional qualifications
- Bachelor's degree in Engineering Science – University of Oxford, United Kingdom
- Charterholder – Chartered Financial Analyst

NON-EXECUTIVE DIRECTOR

LIM Beng Chee
Aged 56, Singaporean
Non-executive Director

Period of service with the Group
- Non-executive Director from September 2016 to December 2016
- Executive Director and Group CEO from January 2017 to December 2022
- Non-executive Director since January 2023

Directorship of listed companies in the past three years
- China World Trade Center Company Limited (listed on the Shanghai stock exchange), an associate of the Company – chairman and executive director since April 2018

Other previous experience and major appointments
- CapitaMalls Asia Limited (currently known as CapitaLand Mall Asia Limited) (listed on the Singapore stock exchange, delisted in July 2014) – director and chief executive officer from November 2008 to September 2014
- Changi Airports International Pte Limited – non-executive director and audit committee member from May 2015 to June 2017
- Raffles Medical Group Limited (listed on the Singapore stock exchange) – independent director from July 2015 to April 2019

Academic/professional qualifications
- Bachelor's degree in Physics – University of Oxford, United Kingdom
- MBA (Accountancy) – Nanyang Technological University, Singapore

Board of Directors, Company Secretary and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

LI Kwok Cheung Arthur
Aged 78, Chinese
Independent Non-executive Director

Period of service with the Group
- Independent Non-executive Director since March 2011

Other current major positions held within the Group
- Nomination Committee – member
- Remuneration & Human Capital Committee – member
- Audit & Risk Committee – member

Directorship of listed companies in the past three years
- The Bank of East Asia, Limited (listed on HKSE with stock code 00023) – non-executive director since January 2008; non-executive deputy chairman since April 2009
- Nature Home Holding Company Limited (listed on HKSE with stock code 02083, delisted in October 2021) – independent non-executive director from May 2011 to October 2021

Other current major appointments
- The Government of the Hong Kong Special Administrative Region, Executive Council – member since July 2002
- The Chinese University of Hong Kong, Department of Surgery – emeritus professor since 2005
- Greater Bay Airlines Company Limited – non-executive director since December 2020
- The Committee for the Basic Law of the Hong Kong Special Administrative Region under the Standing Committee of the National People's Congress – member since August 2021

Other previous experience and major appointments
- The Chinese University of Hong Kong – dean of Faculty of Medicine from 1992 to 1996; vice-chancellor (president) from August 1996 to July 2002
- The National Committee of the Chinese People's Political Consultative Conference – member from 1998 to March 2018
- Hong Kong Applied Science and Technology Research Institute Company Limited – director from May 2000 to July 2002
- Hong Kong Science and Technology Parks Corporation – director from March 2001 to July 2002
- The Government of the Hong Kong Special Administrative Region, Education and Manpower Bureau – secretary from August 2002 to June 2007
- The Government of the Hong Kong Special Administrative Region, Council for Sustainable Development – chairman from March 2015 to February 2021
- The University of Hong Kong – council chairman from January 2016 to December 2021
- Glaxo Wellcome Plc (currently known as GlaxoSmithKline Plc after merger) (listed on the London and the New York stock exchanges) – non-executive director from January 1997 to July 2002
- China Mobile (Hong Kong) Limited (currently known as China Mobile Limited) (listed on HKSE with stock code 00941) – independent non-executive director from September 1997 to July 2002
- The Wharf (Holdings) Limited (listed on HKSE with stock code 00004) – independent non-executive director from October 2001 to July 2002 and from July 2012 to August 2013

Academic/professional qualifications
- Medical degree – University of Cambridge, United Kingdom

Board of Directors, Company Secretary and Senior Management

YAP Chee Keong

Aged 63, Singaporean
Independent Non-executive Director

Period of service with the Group
- Independent Non-executive Director since December 2017

Other current major positions held within the Group
- Remuneration & Human Capital Committee – member
- Audit & Risk Committee – chairman

Directorship of listed companies in the past three years
- Olam International Limited (listed on the Singapore stock exchange, delisted in March 2022) – independent non-executive director from December 2015 to March 2022
- Sembcorp Industries Limited (listed on the Singapore stock exchange) – independent non-executive director since October 2016
- Maxeon Solar Technologies, Limited (listed on the Nasdaq) – independent non-executive director from August 2020 to June 2021
- Seatrium Limited (formerly known as Sembcorp Marine Limited) (listed on the Singapore stock exchange) – deputy chairman and independent non-executive director since December 2021
- Olam Group Limited (listed on the Singapore stock exchange) – independent non-executive director since March 2022

Other current major appointments
- Ensign Infosecurity Pte Limited – independent non-executive director since September 2019
- Pacific International Lines (Pte) Limited – independent non-executive director since March 2021
- Singapore Life Holdings Pte Limited (formerly known as Aviva Singlife Holdings Pte Limited) – independent non-executive director since August 2021

Other previous experience and major appointments
- Singapore Power Limited – chief financial officer from September 2002 to January 2009
- CapitaMalls Asia Limited (currently known as CapitaLand Mall Asia Limited) (listed on the Singapore stock exchange, delisted in July 2014) – independent non-executive director from October 2009 to April 2013
- Tiger Airways Holdings Limited (listed on the Singapore stock exchange, delisted in May 2016) – independent non-executive director from December 2009 to May 2016
- Hup Soon Global Corporation Limited (listed on the Singapore stock exchange, delisted in April 2013) – independent non-executive director from April 2010 to April 2013
- Citibank Singapore Limited – independent non-executive director from December 2011 to June 2020
- The Straits Trading Company Limited (listed on the Singapore Stock Exchange) – executive director from January 2013 to August 2014; director from May 2009 to April 2018
- ARA Asset Management Limited (listed on the Singapore stock exchange, delisted in April 2017) – non-executive director from January 2014 to April 2017
- Certis CISCO Security Pte Limited – independent non-executive director from December 2014 to November 2020
- InterOil Corporation (listed on the New York stock exchange, delisted in February 2017) – independent non-executive director from March 2015 to February 2017
- MediaCorp Pte Limited – independent non-executive director from November 2015 to September 2023
- Malaysia Smelting Corporation Berhad (listed on the Malaysia and the Singapore stock exchanges) – non-executive director from May 2016 to May 2018

Academic/professional qualifications
- Bachelor's degree in Accountancy – National University of Singapore
- Fellow – CPA, Australia
- Fellow – Institute of Singapore Chartered Accountants
- Fellow – Singapore Institute of Directors

Board of Directors, Company Secretary and Senior Management

LI Xiaodong Forrest

Aged 46, Singaporean
Independent Non-executive Director

Period of service with the Group

- Independent Non-executive Director since May 2019

Other current major positions held within the Group

- Nomination Committee – member

Directorship of listed companies in the past three years

- Sea Limited (listed on the New York stock exchange) – chairman and group chief executive officer since May 2009

Other current major appointments

- Singapore Economic Development Board – board member since February 2020
- Advisory Council of Stanford University's Graduate School of Business – member since September 2020
- Board of Trustees for the National University of Singapore – member since April 2021

Other previous experience and major appointments

- Singapore's Committee on the Future Economy – member from January 2016 to February 2017

Academic/professional qualifications

- Bachelor's degree in Engineering – Shanghai Jiao Tong University, Mainland China
- MBA – Stanford Graduate School of Business, Stanford University, United States

ZHUANG Chenchao

Aged 47, Singaporean
Independent Non-executive Director

Period of service with the Group

- Independent Non-executive Director since December 2019

Directorship of listed companies in the past three years

- Jianpu Technology Inc (listed on the New York stock exchange) – director since February 2014

Other current major appointments

- Zebra Global Capital – partner since March 2016

Other previous experience and major appointments

- Shawei.com – chief technology officer from April 1999 to June 2001
- World Bank – system architect from September 2001 to January 2005
- Qunar.com – president from February 2005 to June 2011; chief executive officer from July 2011 to January 2016

Academic/professional qualifications

- Bachelor's degree in Electrical Engineering – Peking University, Mainland China

Board of Directors, Company Secretary and Senior Management

KHOO Shulamite N K

Aged 62, Singaporean
Independent Non-executive Director

Period of service with the Group
- Independent Non-executive Director since November 2020

Other current major positions held within the Group
- Nomination Committee – member
- Remuneration & Human Capital Committee – chairman
- Audit & Risk Committee – member

Directorship of listed companies in the past three years
- Kerry Logistics Network Limited (listed on HKSE with stock code 00636) – independent non-executive director from July 2017 to October 2021
- CIMB Group Holdings Berhad (listed on the Malaysia stock exchange) – independent director since May 2020

Other current major appointments
- AIA Company Limited – independent non-executive director since October 2022

Other previous experience and major appointments
- Prudential plc – different frontline businesses, client services and operational roles in Singapore and Hong Kong from 1984 to December 2004
- AXA Group SA – regional head, human resources & internal communications from 2005 to 2008; group executive vice president and global head of human resources from 2008 to 2010
- International Advisory Panel of Singapore Public Service Division – member from 2011 to 2017
- AIA Group Limited – group chief human resources officer from January 2011 to February 2018; executive committee member from January 2011 to June 2017

Academic/professional qualifications
- Bachelor's degree in Science – University of Toronto, Canada
- Fellow – Chartered Institute of Personnel and Development

Board of Directors, Company Secretary and Senior Management

COMPANY SECRETARY

SEOW Chow Loong Iain
Aged 58, Singaporean
Company Secretary

Period of service with the Group
- joined the Group in November 2011 as Senior Legal Counsel
- General Counsel since June 2017
- Company Secretary since January 2019

Other previous experience and major appointments
- Jones Day – partner
- CMON Limited (listed on HKSE with stock code 01792) – independent non-executive director from November 2016 to April 2020

Academic/professional qualifications
- Bachelor's degree in Laws – King's College London, United Kingdom
- Solicitor – Hong Kong, England and Wales
- Advocate & Solicitor (non-practising) – Supreme Court of Singapore

SENIOR MANAGEMENT

KUOK Hui Kwong
Aged 46, Malaysian
Chairman

- The biography is set out in the previous subsection.

CHUA Chee Wui
Aged 57, Singaporean
Group CFO and Group CIO

- The biography is set out in the previous subsection.

TAN Chen Kiong George
Aged 57, Singaporean
Group CHRO

Period of service with the Group
- joined the Group in February 2020 as CHRO

Other previous experience and major appointments
- AIA group – regional director (group human resources)

Academic/professional qualifications
- Bachelor's degree in Behavioural Science – La Trobe University, Australia
- Master of Philosophy in Industrial and Organisational Psychology – The University of Hong Kong

Board of Directors, Company Secretary and Senior Management

SENIOR MANAGEMENT (CONTINUED)

LAM Kwok Fung Spencer
Aged 50, Chinese
Group CTO

Period of service with the Group
- joined the Group in April 2021 as CTO

Other previous experience and major appointments
- Vanke Service Group – chief information officer
- over 15 years with Oracle Systems in the United States and Mainland China with experience in software product development and IT consulting service management

Academic/professional qualifications
- Bachelor's degree in Information Systems & Management – The Hong Kong University of Science and Technology
- MBA (Finance) – The Chinese University of Hong Kong

PAW Chuen Kee
Aged 66, Singaporean
Group COO, Deputy CEO and Executive Vice President, Operations – China

Period of service with the Group
- joined the Group in March 1994 as Hotel Manager of Traders Hotel, Beijing
- General Manager of several Shangri-La and Traders hotels in Mainland China from October 1995 to November 1999 and October 2008 to December 2011
- Vice President, Sales & Marketing in Mainland China from November 1999 to October 2008
- Executive Vice President, Operations (North China) from December 2011 to October 2019
- Deputy Regional CEO (North China) from November 2019 to November 2020
- Deputy CEO (China) and Executive Vice President, Operations (China) since November 2020
- Group COO since October 2021

Other previous experience and major appointments
- over 35 years of experience in hospitality industry and held management posts in Mainland China, the United States and Singapore

Academic/professional qualifications
- Bachelor's degree in Hotel Management, Computer Science and Psychology – Brigham Young University, Hawaii, United States

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Discussion and Analysis

DISCUSSION AND ANALYSIS

The principal activities of the Group remained the same as in 2022. The Group's business is organised into four main segments:

- **Hotel Properties** – development, ownership and operation of hotel properties (including hotels under leases)
- **Hotel Management and Related Services** for Group-owned hotels and for hotels owned by third parties
- **Investment Properties** – development, ownership and operation of office properties, commercial properties, and serviced apartments/residences for rental purposes
- **Property Development for Sale** – development and sale of real estate properties

The Group continues to develop hotel properties, investment properties for rental purposes and properties for sale for the above-mentioned business segments.

The Group currently owns and/or manages hotels under the following brands:

- **Shangri-La Hotels and Resorts**
- **Kerry Hotels**
- **JEN by Shangri-La**
- **Traders Hotels**

The following table summarises the hotels and rooms of the Group as at 31 December 2023:

	Owned/Leased		Managed		Total Operating Hotels		Hotels Under Development	
	Hotels	Rooms in '000	Hotels	Rooms in '000	Hotels	Rooms in '000	Owned/ Leased Hotels	Hotels under Management contracts
SHANGRI-LA	73	30.7	17	5.4	90	36.1	4	3
KERRY HOTELS	3	1.6	—	—	3	1.6	—	—
JEN by SHANGRI-LA	7	2.8	1	0.4	8	3.2	1	1
TRADERS HOTELS	—	—	2	0.9	2	0.9	1	—
Total	**83**	**35.1**	**20**	**6.7**	**103**	**41.8**	**6**	**4**

Notes:

(1) A hotel under management contract owned by a third party, namely JEN Shenzhen Qianhai by Shangri-La in Mainland China, opened for business in February 2023.

(2) Management agreements for Shangri-La Haikou and Shangri-La Changzhou in Mainland China; and JEN Johor Puteri Harbour by Shangri-La in Malaysia were terminated in 2023.

(3) Shangri-La Nanshan, Shenzhen (a management hotel owned by a third party) in Mainland China opened for business in January 2024.

The following table summarises the total Gross Floor Area ("**GFA**") of the operating investment properties for rental owned by subsidiaries and associates:

(in thousand square metres)	Group's equity interest	Total GFA of the operating investment properties as at 31 December 2023 Office spaces	Commercial spaces	Serviced apartments/ residential
Mainland China	20.0-100.0%	984.9	663.3	266.5
Malaysia	52.78%	45.2	8.5	17.4
Singapore	44.6-100.0%	3.3	22.9	24.7
Australia	100.0%	0.5	11.4	–
Mongolia	51.0%	58.0	39.6	30.0
Myanmar	55.86-59.28%	37.6	11.8	56.8
Sri Lanka	90.0%	59.9	79.5	3.7
TOTAL		1,189.4	837.0	399.1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table shows the Group's profit or loss for the year ended 31 December 2023 and 2022 presented in the conventional financial statement format and the effective share format, respectively. Amounts presented in the conventional financial statement format refer to the aggregate total of the Company and its subsidiaries at 100% basis less non-controlling interests and add share of profit of associates to come up with the Group's final reported profit or loss attributable to owners of the Company. The alternative presentation of the Group's profit or loss at effective share is a non-HKFRS financial presentation format and the amounts presented at effective share are the aggregate total of the Company and the Group's share of subsidiaries and associates based on percentage of equity interests.

	Profit or loss for the year ended 31 December 2023		Profit or loss for the year ended 31 December 2022		2023/22 % change	
(USD million)	**Financial statement format**	**Effective share**	Financial statement format	Effective share	Financial statement format	Effective share
Revenue	**2,141.8**	**2,769.2**	1,462.1	1,915.4	46.5%	44.6%
Cost of sales	**(975.1)**	**(1,191.6)**	(775.6)	(926.3)	–25.7%	–28.6%
Gross profit	**1,166.7**	**1,577.6**	686.5	989.1	69.9%	59.5%
Operating expenses	**(650.4)**	**(707.4)**	(527.1)	(561.1)	–23.4%	–26.1%
Other gains – operating items	**5.9**	**3.4**	15.0	13.6	–60.7%	–75.0%
EBITDA	**522.2**	**873.6**	174.4	441.6	199.4%	97.8%
Depreciation and amortisation	**(268.8)**	**(292.6)**	(278.7)	(305.7)	3.6%	4.3%
(Loss)/Gain on disposal of fixed assets	**(1.7)**	**(1.5)**	(0.3)	0.3	–466.7%	N/M
Interest income	**19.7**	**25.8**	11.1	20.1	77.5%	28.4%
Other expenses – non-operating items	**(40.1)**	**(39.0)**	6.3	5.5	N/M	N/M
Other (losses)/gains – non-operating items	**(16.6)**	**83.9**	82.9	117.7	N/M	–28.7%
Operating profit/(loss)	**214.7**	**650.2**	(4.3)	279.5	N/M	132.6%
Finance costs – net						
– Operating items	**(291.8)**	**(278.8)**	(238.6)	(239.4)	–22.3%	–16.5%
– Non-operating items	**33.4**	**30.1**	(122.3)	(110.1)	N/M	N/M
Share of profit of associates	**323.8**	**–**	190.8	–	69.7%	N/M
Profit/(Loss) before income tax	**280.1**	**401.5**	(174.4)	(70.0)	N/M	N/M
Income tax (expense)/credit						
– Operating items	**(84.8)**	**(197.5)**	(10.6)	(78.5)	–700.0%	–151.6%
– Non-operating items	**6.3**	**(19.9)**	(2.4)	(10.0)	N/M	–99.0%
Profit/(Loss) for the year	**201.6**	**184.1**	(187.4)	(158.5)	N/M	N/M
(Less)/Add: (Profit)/Loss attributable to non-controlling interests	**(17.5)**	**–**	28.9	–	N/M	N/M
Profit/(Loss) attributable to owners of the Company	**184.1**	**184.1**	(158.5)	(158.5)	N/M	N/M

N/M: not meaningful

SUMMARY OF NET ASSET VALUE *(Note 1)*

According to the Group's accounting policies, investment properties are stated at fair value by external valuers while hotel properties are stated at historical cost less depreciation and impairment losses. As a result, the carrying values of the Group's hotel properties do not capture revaluation gains which would otherwise be included in their fair values.

The Group has carried out internal valuations for the hotel properties owned by the Group's subsidiaries and associates based on discounted cash flow projections to assess the potential fair values of the hotel properties and the resulting adjusted net asset value of the Group if the Group's hotel properties were to be stated at fair values. To verify the valuations of the hotel properties, external valuations have been performed by independent professional valuers to determine the fair value of a portfolio of hotel properties owned by the Group's subsidiaries, whose aggregate effective share of the valuation surplus (being the surplus by which its valuation exceeds its carrying value) constitutes at least 50% of the total valuation surplus of all the hotel properties.

As at 31 December 2023, based on external valuations of such portfolio of identified hotel properties and internal valuations of the Group's remaining hotel properties, the effective share of the valuations of all the Group's hotel properties was USD12,000.4 million, of which USD4,938.7 million was derived from external valuations and USD7,061.7 million was derived from internal valuations. When compared to the effective share of the carrying value of the hotel properties, the effective share of the valuation surplus attributable to the owners of the Company after deferred tax was USD5,753.3 million, of which USD3,569.8 million was derived from external valuations and USD2,183.5 million was derived from internal valuations. Such valuation surplus attributable to non-controlling interests after deferred tax was USD464.9 million, of which USD293.0 million was derived from external valuations and USD171.9 million was derived from internal valuations.

If all the hotel properties were to be stated at fair values, the Group's net asset value attributable to the owners of the Company ("**NAV**") would therefore be increased from the reported balance of USD5,222.4 million to the adjusted balance of USD10,975.7 million while total equity would be increased from the reported balance of USD5,468.0 million to the adjusted balance of USD11,686.2 million.

(USD million)	Carrying value of hotel properties at effective share (Note 2)	Valuation of hotel properties at effective share (Note2)	Valuation surplus at effective share after deferred tax (Note 2)
The People's Republic of China			
Hong Kong	737.4	2,553.7	1,741.1
Mainland China	2,322.5	5,031.2	2,031.5
Singapore	502.7	1,822.1	1,227.2
Malaysia	110.0	283.8	132.0
The Philippines	275.5	587.2	233.8
Thailand	89.6	236.2	117.2
Australia	276.2	368.3	64.5
Others (Note 3)	830.3	1,117.9	206.0
Total	5,144.2	12,000.4	5,753.3

(USD million)	NAV	Non-controlling interests	Total equity
Reported balance based on carrying value of hotel properties	5,222.4	245.6	5,468.0
Add: Valuation surplus of hotel properties after deferred tax	5,753.3	464.9	6,218.2
Adjusted balance based on valuation of hotel properties	10,975.7	710.5	11,686.2
Reported NAV per share (Note 4)	USD1.47 (equivalent to HKD11.39)		
Adjusted NAV per share (Note 4)	USD3.09 (equivalent to HKD23.95)		

Notes:

(1) Net asset value refers to the Group's total assets less total liabilities (i.e. equity) attributable to the owners of the Company.

(2) The effective share refers to the Group's share of subsidiaries' and associates' carrying value and valuation of hotel properties based on the percentage of equity interests.

(3) Others include France, Maldives, Turkey, Fiji, Myanmar, Indonesia, Mongolia, Mauritius, Sri Lanka, Japan and United Kingdom.

(4) NAV per share is computed based on 3,554,212,000 shares in issue after adjusting for shares held by the Group.

RESULTS OF OPERATIONS

Consolidated Revenue

Consolidated revenue consisted of the following:

(USD million)	For the year ended 31 December **2023**	2022	2023/22 % change
Hotel Properties			
Revenue from rooms	**1,041.0**	622.9	67.1%
Food and beverage sales	**788.7**	559.9	40.9%
Rendering of ancillary services	**96.6**	79.1	22.1%
Sub-total of hotel properties	**1,926.3**	1,261.9	52.7%
Hotel Management and Related Services			
Gross revenue (including revenue earned from subsidiaries)	**224.3**	165.6	35.4%
Less: Inter-segment sales elimination with subsidiaries	**(129.5)**	(86.9)	–49.0%
Net amount after elimination	**94.8**	78.7	20.5%
Sub-total Hotel Operations	**2,021.1**	1,340.6	50.8%
Investment Properties	**108.3**	99.7	8.6%
Property Development for Sale	**1.6**	14.9	–89.3%
Other Business	**10.8**	6.9	56.5%
Consolidated Revenue	**2,141.8**	1,462.1	46.5%

- Consolidated revenue was USD2,141.8 million for the year ended 31 December 2023, an increase of 46.5% (or USD679.7 million), compared to USD1,462.1 million for the year ended 31 December 2022. The increase was mainly driven by:

  - Mainland China and Hong Kong business recovery since borders reopened and travel restrictions removed in early 2023.

  - Japan, Singapore, The Philippines, Malaysia and rest of the world where we have operations also benefited from the return of tourists from Mainland China.

- Consolidated revenue from our Hotel Operations as a result increased by USD680.5 million to USD2,021.1 million for the year ended 31 December 2023.

- A continued steady contribution from our Investment Properties business, where consolidated revenue increased by USD8.6 million to USD108.3 million for the year ended 31 December 2023.

(i) Hotel Properties

As at 31 December 2023, the Group had equity interest in 80 operating hotels (2022: 80) and 3 hotels under operating lease (2022: 3), representing a room inventory of 35,135 (2022: 35,144) across Asia Pacific, Europe and Africa.

Details of these 83 hotels are as follows:

		Group's equity interest	Available rooms
(A)	**Hotels owned by the Group**		
	Hong Kong		
	Kowloon Shangri-La, Hong Kong	100%	679
	Island Shangri-La, Hong Kong	80%	545
	JEN Hong Kong by Shangri-La	30%	283
	Kerry Hotel, Hong Kong	100%	546
	Sub-total Hong Kong		2,053
	Mainland China		
	Shangri-La Beijing	38%	670
	China World Hotel, Beijing	50%	584
	China World Summit Wing, Beijing	40.32%	278
	JEN Beijing by Shangri-La	40.32%	450
	Kerry Hotel, Beijing	23.75%	486
	Pudong Shangri-La, Shanghai	100%	950
	Jing An Shangri-La, Shanghai	49%	508
	Kerry Hotel Pudong, Shanghai	23.2%	574
	Shangri-La Shenzhen	72%	522
	Futian Shangri-La, Shenzhen	100%	528
	Shangri-La Xian	100%	393
	Shangri-La Hangzhou	45%	198
	Shangri-La Beihai	100%	362
	Shangri-La Changchun	100%	382
	JEN Shenyang by Shangri-La	100%	407
	Shangri-La Shenyang	25%	383
	Shangri-La Qingdao	100%	702
	Shangri-La Dalian	100%	560
	Shangri-La Wuhan	92%	408
	Shangri-La Harbin	100%	396
	Shangri-La Fuzhou	100%	414
	Shangri-La Guangzhou	80%	690
	Shangri-La Chengdu	80%	593
	Shangri-La Wenzhou	100%	409
	Shangri-La Ningbo	95%	562
	Shangri-La Guilin	100%	439
	Shangri-La Baotou	100%	360
	Shangri-La Huhhot	100%	365
	Shangri-La Manzhouli	100%	235
	Shangri-La Yangzhou	100%	360
	Shangri-La Qufu	100%	322

	Group's equity interest	Available rooms
Shangri-La Lhasa	100%	289
Shangri-La Sanya	100%	496
Shangri-La Nanjing	55%	450
Shangri-La Qinhuangdao	100%	323
Shangri-La Hefei	100%	400
Shangri-La Resort, Shangri-La	100%	228
Shangri-La Tianjin	20%	304
Shangri-La Nanchang	20%	473
Shangri-La Tangshan	35%	301
Midtown Shangri-La, Hangzhou	25%	414
Shangri-La Songbei, Harbin	100%	344
Shangri-La Xiamen	100%	325
Shangri-La Jinan	45%	364
Shangri-La Zhoushan	100%	28
Shangri-La Putian	40%	125
Sub-total Mainland China		19,354
Singapore		
Shangri-La Singapore	100%	792
Shangri-La Rasa Sentosa, Singapore	100%	454
JEN Singapore Tanglin by Shangri-La	44.6%	565
Sub-total Singapore		1,811
Malaysia		
Shangri-La Kuala Lumpur	52.78%	655
Shangri-La Rasa Sayang, Penang	52.78%	303
Shangri-La Golden Sands, Penang	52.78%	387
JEN Penang Georgetown by Shangri-La	31.67%	443
Shangri-La Rasa Ria, Kota Kinabalu	64.59%	494
Shangri-La Tanjung Aru, Kota Kinabalu	40%	498
Sub-total Malaysia		2,780
The Philippines		
Makati Shangri-La, Manila	100%	696
Edsa Shangri-La, Manila	100%	628
Shangri-La Mactan, Cebu	93.95%	541
Shangri-La Boracay	100%	219
Shangri-La The Fort, Manila	40%	576
Sub-total The Philippines		2,660

		Group's equity interest	Available rooms
	Thailand		
	Shangri-La Bangkok	73.61%	802
	Shangri-La Chiang Mai	73.61%	277
	Sub-total Thailand		1,079
	Australia		
	Shangri-La Sydney	100%	564
	Shangri-La The Marina, Cairns	100%	255
	Sub-total Australia		819
	Other areas		
	Shangri-La Paris	100%	101
	Shangri-La's Villingili Resort & Spa, Maldives	100%	132
	JEN Maldives Malé by Shangri-La	100%	114
	Shangri-La Bosphorus, Istanbul	50%	186
	Shangri-La Yanuca Island, Fiji	71.80%	443
	Sule Shangri-La, Yangon	59.16%	462
	Shangri-La Jakarta	25%	619
	Shangri-La Surabaya	11.35%	365
	Shangri-La Ulaanbaatar	51%	290
	Shangri-La Le Touessrok, Mauritius	26%	192
	Shangri-La Hambantota	90%	274
	Shangri-La Colombo	90%	500
	Sub-total other areas		3,678
	Total of 80 owned hotels		34,234
(B)	**Hotels under operating lease agreements**		
	Shangri-La Tokyo		200
	Shangri-La The Shard, London		202
	JEN Singapore Orchardgateway by Shangri-La		499
	Total of 3 leased hotels		901
	Grand total		35,135

For the year ended 31 December 2023, the increase of consolidated revenue from our hotel properties was driven by Mainland China and Hong Kong business recovery since borders reopened in early 2023. The return of Chinese tourists also benefited South-east Asia regions and rest of the world.

Please refer to table below for our geographical breakdown of Hotel Properties consolidated revenue for the years ended 31 December 2023 and 2022:

	For the year ended 31 December		2023/22
(USD million)	**2023**	2022	% change
The People's Republic of China			
Hong Kong	**304.3**	156.7	94.2%
Mainland China	**702.6**	429.5	63.6%
Singapore	**264.0**	197.4	33.7%
Malaysia	**104.8**	77.1	35.9%
The Philippines	**134.9**	79.6	69.5%
Japan	**50.4**	32.7	54.1%
Thailand	**62.2**	33.4	86.2%
France	**54.5**	50.8	7.3%
Australia	**85.7**	76.9	11.4%
United Kingdom	**60.9**	55.9	8.9%
Mongolia	**20.1**	13.5	48.9%
Sri Lanka	**33.2**	20.3	63.5%
Other countries	**48.7**	38.1	27.8%
Consolidated revenue from hotel properties business	**1,926.3**	1,261.9	52.7%

The key performance indicators of the Group-owned hotels (including hotels under lease) on an unconsolidated basis (including both subsidiaries and associates) for the years ended 31 December 2023 and 2022 are as follows:

	2023 Weighted Average			2022 Weighted Average		
Destinations	**Occupancy (%)**	**Room Rate (USD)**	**RevPAR (USD)**	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
The People's Republic of China						
Hong Kong	**70**	**285**	**199**	38	197	75
Mainland China	**63**	**120**	**76**	38	97	37
Tier 1 Cities	***70***	***159***	***111***	*38*	*120*	*45*
Tier 2 Cities	***64***	***98***	***63***	*41*	*86*	*35*
Tier 3+4 Cities	***51***	***100***	***51***	*32*	*87*	*28*
Singapore	**78**	**266**	**208**	61	246	150
Malaysia	**64**	**125**	**80**	47	111	52
The Philippines	**58**	**226**	**130**	45	195	89
Japan	**61**	**689**	**419**	54	427	232
Thailand	**61**	**153**	**94**	37	120	44
France	**43**	**2,246**	**970**	50	1,843	930
Australia	**81**	**252**	**205**	69	255	176
United Kingdom	**66**	**797**	**526**	62	781	483
Mongolia	**36**	**248**	**89**	26	203	53
Sri Lanka	**36**	**146**	**52**	22	132	29
Other countries	**46**	**224**	**102**	43	201	87
Non-Mainland China Weighted Average	**62**	**241**	**149**	46	216	100
Total Weighted Average	**62**	**173**	**108**	42	155	64

The weighted average occupancy of our hotels was 62% for the year ended 31 December 2023, an increase of 20 percentage points compared to 42% for the year ended 31 December 2022. The weighted average revenue per available room ("**RevPAR**") was USD108 for the year ended 31 December 2023, an increase of 69%, compared to USD64 for the year ended 31 December 2022. The increase in occupancy rate was mainly due to Mainland China and Hong Kong business recovery since borders reopened in early 2023 and continued momentum in other destinations benefited from Chinese outbound travellers. If we exclude Mainland China, weighted average occupancy was 62% for the year ended 31 December 2023, an increase of 16 percentage points compared to 46% for the year ended 31 December 2022. RevPAR was USD149 for the year ended 31 December 2023, an increase of 49%, compared to USD100 for the year ended 31 December 2022.

Below are comments on hotel performances on selected geographies that had reasonable significance to the performance of our Hotel Properties business as a whole:

The People's Republic of China

Hong Kong

For Hong Kong, occupancy was 70% for the year ended 31 December 2023, an increase of 32 percentage points, compared to 38% for the year ended 31 December 2022. RevPAR was USD199 for the year ended 31 December 2023, an increase of 165%, compared to USD75 for the year ended 31 December 2022. Our hotels in Hong Kong saw strong recovery in both occupancy and RevPAR, driven by business and leisure travel demand resurgence from Mainland China. Total revenue from Hong Kong hotel properties for the year ended 31 December 2023 increased by 94.2% to USD304.3 million.

Mainland China

The Group had equity interest in 46 operating hotels in Mainland China as at 31 December 2023.

For Mainland China, occupancy was 63% for the year ended 31 December 2023, an increase of 25 percentage points, compared to 38% for the year ended 31 December 2022. RevPAR was USD76 for the year ended 31 December 2023, an increase of 105%, compared to USD37 for the year ended 31 December 2022. During the year, cities from all four tiers saw strong business recovery after travel restrictions lifted.

Below is the performance of our hotels in different tiered cities:

- In Tier 1 cities, occupancy was 70% for the year ended 31 December 2023, an increase of 32 percentage points, compared to 38% for the year ended 31 December 2022. RevPAR was USD111 for the year ended 31 December 2023, an increase of 147%, compared to USD45 for the year ended 31 December 2022. The performance of our hotels in Tier 1 cities continued to strengthen during 2023 after travel restrictions were lifted.

- In Tier 2 cities, occupancy was 64% for the year ended 31 December 2023, an increase of 23 percentage points, compared to 41% for the year ended 31 December 2022. RevPAR was USD63 for the year ended 31 December 2023, an increase of 80%, compared to USD35 for the year ended 31 December 2022. Our hotels in Tier 2 cities rebounded quickly benefiting from both domestic business and leisure travel pickup.

- In Tier 3 and Tier 4 cities, occupancy was 51% for the year ended 31 December 2023, an increase of 19 percentage points, compared to 32% for the year ended 31 December 2022. RevPAR was USD51 for the year ended 31 December 2023, an increase of 82%, compared to USD28 for the year ended 31 December 2022. Our hotels in Tier 3/4 cities were benefited from rising luxury experiential leisure demand in domestic China destinations.

Total revenue from Mainland China hotel properties for the year ended 31 December 2023 increased by 63.6% to USD702.6 million.

Singapore

For Singapore, occupancy was 78% for the year ended 31 December 2023, an increase of 17 percentage points, compared to 61% for the year ended 31 December 2022. RevPAR was USD208 for the year ended 31 December 2023, an increase of 39%, compared to USD150 for the year ended 31 December 2022. Our hotels in Singapore continued with their strong momentum since the reopening of borders in 2022 and have seen average room rate exceeded 2019's levels due to surging demand by international travellers. Total revenue from Singapore hotel properties for the year ended 31 December 2023 increased by 33.7% to USD264.0 million.

Malaysia

For Malaysia, occupancy was 64% for the year ended 31 December 2023, an increase of 17 percentage points, compared to 47% for the year ended 31 December 2022. RevPAR was USD80 for the year ended 31 December 2023, an increase of 54%, compared to USD52 for the year ended 31 December 2022. Improving flight connectivity to China and rest of the world continued to drive our hotel properties' recovery. Total revenue from Malaysia hotel properties for the year ended 31 December 2023 increased by 35.9% to USD104.8 million.

The Philippines

For the Philippines, occupancy was 58% for the year ended 31 December 2023, an increase of 13 percentage points, compared to 45% for the year ended 31 December 2022. RevPAR was USD130 for the year ended 31 December 2023, an increase of 46%, compared to USD89 for the year ended 31 December 2022. The improvement was driven by the return of international visitors, helped by increased flight capacity. In the third quarter of 2023, Makati Shangri-La, Manila was reopened and has seen business activity picking up. Total revenue from the Philippines hotel properties for the year ended 31 December 2023 increased by 69.5% to USD134.9 million.

Japan

For Japan, occupancy was 61% for the year ended 31 December 2023, an increase of 7 percentage points, compared to 54% for the year ended 31 December 2022. RevPAR was USD419 for the year ended 31 December 2023, an increase of 81%, compared to USD232 for the year ended 31 December 2022. Our hotel in Tokyo benefited from the influx of international travellers, particularly from Mainland China. Total revenue from our Japan hotel property for the year ended 31 December 2023 increased by 54.1% to USD50.4 million.

France

For France, occupancy was 43% for the year ended 31 December 2023, a decrease of 7 percentage points, compared to 50% for the year ended 31 December 2022. RevPAR was USD970 for the year ended 31 December 2023, an increase of 4%, compared to USD930 for the year ended 31 December 2022. High growth in room rate more than offset the occupancy drag and lifted our RevPAR in the year. Total revenue from our France hotel property for the year ended 31 December 2023 increased by 7.3% to USD54.5 million.

Australia

For Australia, occupancy was 81% for the year ended 31 December 2023, an increase of 12 percentage points, compared to 69% for the year ended 31 December 2022. RevPAR was USD205 for the year ended 31 December 2023, an increase of 16%, compared to USD176 for the year ended 31 December 2022. Our hotels in Australia continued to see business improvements as domestic demand remained strong lifting our hotels' occupancy levels. Total revenue from Australia hotel properties for the year ended 31 December 2023 increased by 11.4% to USD85.7 million.

United Kingdom

For United Kingdom, occupancy was 66% for the year ended 31 December 2023, an increase of 4 percentage points, compared to 62% for the year ended 31 December 2022. RevPAR was USD526 for the year ended 31 December 2023, an increase of 9%, compared to USD483 for the year ended 31 December 2022. Our hotel in London continued to benefit from increasing corporate travel and leisure demand in the region. Total revenue from our United Kingdom hotel property for the year ended 31 December 2023 increased by 8.9% to USD60.9 million.

(ii) Hotel Management & Related Services

During the year, one hotel under management agreement owned by third party, namely JEN Shenzhen Qianhai by Shangri-La in Mainland China, opened for operation while the hotel management agreements for three hotels, namely JEN Johor Puteri Harbour by Shangri-La in Malaysia, Shangri-La Haikou and Shangri-La Changzhou in Mainland China, were terminated. As at 31 December 2023, the Group managed a total of 103 hotels and resorts:

- 80 Group-owned hotels
- 3 hotels under lease agreements
- 20 hotels owned by third parties

The 20 operating hotels (6,647 available rooms) owned by third parties are located in the following destinations:

- Canada: Toronto and Vancouver
- Oman: Muscat (2 hotels)
- UAE: Abu Dhabi (2 hotels) and Dubai
- Saudi Arabia: Jeddah
- Malaysia: Kuala Lumpur
- India: New Delhi and Bengaluru
- Taiwan: Taipei and Tainan
- Mainland China: Shenzhen, Suzhou (2 hotels), Yiwu, Nanning, Shanghai and Beijing

The key performance indicators of the hotels under third-party hotel management agreements for the years ended 31 December 2023 and 2022 are as follows:

	2023 Weighted Average			2022 Weighted Average		
Destinations	**Occupancy (%)**	**Room Rate (USD)**	**RevPAR (USD)**	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
Canada	**67**	**387**	**261**	60	390	233
Oman	**38**	**256**	**98**	24	290	69
UAE	**72**	**176**	**127**	67	173	115
Saudi Arabia	**53**	**831**	**438**	46	879	408
Malaysia	**67**	**106**	**71**	45	89	40
India	**63**	**152**	**96**	57	124	71
Taiwan	**72**	**176**	**127**	51	148	75
Mainland China	**62**	**116**	**72**	38	91	35
Weighted Average	**63**	**179**	**112**	45	164	74

The overall weighted average occupancy of the hotels under third-party hotel management agreements was 63% for the year ended 31 December 2023, an increase of 18 percentage points, compared to 45% for the year ended 31 December 2022. The RevPAR was USD112 for the year ended 31 December 2023, an increase of 51%, compared to USD74 for the year ended 31 December 2022. The improvement was mainly due to the increasing global travel demand post-pandemic, and in particular Mainland China where the travel restrictions were lifted in early 2023.

Gross revenue for hotel management and related services was USD224.3 million for the year ended 31 December 2023, an increase of 35.4%, compared to USD165.6 million for the year ended 31 December 2022.

After eliminating inter-segment sales with subsidiaries, the net revenue for hotel management and related services was USD94.8 million for the year ended 31 December 2023, an increase of 20.5%, compared to USD78.7 million for the year ended 31 December 2022.

(iii) Investment Properties

The table below shows the geographical breakdown of our consolidated revenue derived from our Investment Properties.

	For the year ended 31 December		2023/22
(USD million)	**2023**	2022	% change
Mainland China	**25.5**	27.7	–7.9%
Singapore	**14.2**	12.1	17.4%
Malaysia	**4.5**	4.7	–4.3%
Mongolia	**31.2**	27.1	15.1%
Sri Lanka	**18.5**	12.2	51.6%
Other countries	**14.4**	15.9	–9.4%
Consolidated revenue from investment properties business	**108.3**	99.7	8.6%

Our investment properties held by subsidiaries in Mongolia, Sri Lanka and Singapore saw significant revenue improvement:

- In Mongolia, the level of rent continued to trend up as we continued to improve our tenancy mix.
- In Sri Lanka, both the level of rent and occupancy improved significantly as the country's financial status further stabilised in 2023.
- Singapore's serviced apartments demand remained strong.

These improvements were partially offset by our Mainland China investment properties results, particularly due to a major tenant's departure from our property in Dalian.

As a result, consolidated revenue from our investment properties for the year ended 31 December 2023 was USD108.3 million, an increase of 8.6%, compared to USD99.7 million for the year ended 31 December 2022.

(iv) Property Development for Sale

Property development for sale by subsidiaries for the year ended 31 December 2023 was USD1.6 million, a decrease of 89.3%, compared to USD14.9 million for the year ended 31 December 2022.

EBITDA and Aggregate Effective Share of EBITDA

The following table summarises information related to the EBITDA of the Company and its subsidiaries and the aggregate effective share of EBITDA of the Company, subsidiaries and associates for the years ended 31 December 2023 and 2022 by geographical areas and by business segments.

		EBITDA of subsidiaries		Effective share of EBITDA of subsidiaries		Effective share of EBITDA of associates		Aggregate Effective share of EBITDA	
(USD million)		**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Hotel Properties	The People's Republic of China								
	Hong Kong	**62.7**	(12.0)	**59.2**	(9.3)	**1.1**	0.7	**60.3**	(8.6)
	Mainland China	**166.7**	12.8	**153.8**	9.8	**45.4**	3.0	**199.2**	12.8
	Singapore	**61.6**	42.1	**61.5**	42.1	**6.7**	3.8	**68.2**	45.9
	Malaysia	**23.2**	6.5	**12.8**	3.2	**5.2**	1.8	**18.0**	5.0
	The Philippines	**27.5**	8.9	**26.5**	8.7	**13.7**	7.9	**40.2**	16.6
	Japan	**13.3**	3.1	**13.3**	3.1	**–**	–	**13.3**	3.1
	Thailand	**23.4**	6.4	**17.3**	4.7	**–**	–	**17.3**	4.7
	France	**6.8**	7.8	**6.8**	7.8	**–**	–	**6.8**	7.8
	Australia	**17.5**	16.5	**17.5**	16.5	**–**	–	**17.5**	16.5
	United Kingdom	**9.4**	11.1	**9.4**	11.1	**–**	–	**9.4**	11.1
	Mongolia	**8.0**	3.5	**4.1**	1.8	**–**	–	**4.1**	1.8
	Sri Lanka	**7.6**	2.5	**6.9**	2.3	**–**	–	**6.9**	2.3
	Other countries	**9.3**	2.8	**7.4**	2.8	**9.0**	10.3	**16.4**	13.1
		437.0	112.0	**396.5**	104.6	**81.1**	27.5	**477.6**	132.1
Hotel Management and Related Services		**50.0**	17.4	**50.0**	17.4	**–**	–	**50.0**	17.4
Sub-total Hotel Operations		**487.0**	129.4	**446.5**	122.0	**81.1**	27.5	**527.6**	149.5
Investment Properties	Mainland China	**15.1**	17.0	**13.5**	15.4	**231.7**	229.4	**245.2**	244.8
	Singapore	**7.6**	7.1	**7.6**	7.1	**4.5**	2.9	**12.1**	10.0
	Malaysia	**1.8**	2.4	**1.0**	1.3	**–**	–	**1.0**	1.3
	Mongolia	**20.4**	17.4	**10.4**	8.9	**–**	–	**10.4**	8.9
	Sri Lanka	**9.8**	6.0	**8.8**	5.4	**–**	–	**8.8**	5.4
	Other countries	**6.3**	7.0	**3.8**	4.3	**–**	–	**3.8**	4.3
Sub-total Investment Properties		**61.0**	56.9	**45.1**	42.4	**236.2**	232.3	**281.3**	274.7
Property Development for Sale & Other Business		**2.3**	10.2	**(0.2)**	8.5	**95.6**	33.5	**95.4**	42.0
Sub-total		**550.3**	196.5	**491.4**	172.9	**412.9**	293.3	**904.3**	466.2
Corporate and project expenses		**(28.1)**	(22.1)	**(28.1)**	(22.0)	**(2.6)**	(2.6)	**(30.7)**	(24.6)
Grand total		**522.2**	174.4	**463.3**	150.9	**410.3**	290.7	**873.6**	441.6

The Group's aggregate effective share of EBITDA was USD873.6 million for the year ended 31 December 2023, an increase of 97.8%, compared to USD441.6 million for the year ended 31 December 2022. Commentaries of results by business segments are as follows:

Hotel Properties

Effective share of EBITDA from Hotel Properties for the year ended 31 December 2023 was USD477.6 million, an increase of 261.5%, compared to USD132.1 million for the year ended 31 December 2022. Mainland China and Hong Kong hotels' business recovery was due to Mainland China's borders reopening and lifting of quarantine restrictions since early 2023. The return of Chinese outbound travellers also benefited South-East Asia and the rest of the world. Our Singapore hotels continued to see influx of international business and leisure travellers. Whereas persistent inflation continued to drag the performance of our France and United Kingdom hotels.

Hotel Management and Related Services

Effective share of EBITDA from Hotel Management and Related Services for the year ended 31 December 2023 was USD50.0 million, an increase of 187.4%, compared to USD17.4 million for the year ended 31 December 2022. The significant improvement of EBITDA was lifted by the strong rebound of the overall hotels business and operations efficiency at the headquarters.

Investment Properties

Effective share of EBITDA from Investment Properties for the year ended 31 December 2023 was USD281.3 million, an increase of 2.4%, compared to USD274.7 million for the year ended 31 December 2022. The Investment Properties held by our subsidiaries in Sri Lanka, Mongolia and Singapore significantly improved during the year, while the Investment Properties held by our China associates also remained resilient.

Property Development for Sale & Other Business

Effective share of EBITDA from Property Development for Sale & Other Business for the year ended 31 December 2023 was USD95.4 million, mainly contributed by the profit recognised by an associate in Zhengzhou, China after a significant portion of residential units were handed over.

Consolidated Profit or Loss Attributable to Owners of the Company

The following table summarises information related to the consolidated profit or loss attributable to owners of the Company before and after non-operating items by business segments:

(USD million)		For the year ended 31 December **2023**	2022	2023/22 % change
Hotel Properties	The People's Republic of China			
	Hong Kong	**17.7**	(35.5)	N/M
	Mainland China	**25.0**	(145.0)	N/M
	Singapore	**38.7**	18.6	108.1%
	Malaysia	**7.4**	(3.3)	N/M
	The Philippines	**8.6**	(7.3)	N/M
	Japan	**5.2**	(4.0)	N/M
	Thailand	**11.1**	1.9	484.2%
	France	**(4.3)**	(1.6)	–168.8%
	Australia	**(1.8)**	(1.2)	–50.0%
	United Kingdom	**(11.8)**	(10.2)	–15.7%
	Mongolia	**(1.4)**	(4.7)	70.2%
	Sri Lanka	**(1.9)**	(6.9)	72.5%
	Other countries	**4.1**	0.8	412.5%
		96.6	(198.4)	N/M
Hotel Management and Related Services		**19.4**	(5.7)	N/M
Sub-total Hotel Operations		**116.0**	(204.1)	N/M
Investment Properties	Mainland China	**164.0**	167.8	–2.3%
	Singapore	**9.4**	8.7	8.0%
	Malaysia	**0.7**	0.9	–22.2%
	Mongolia	**8.4**	4.5	86.7%
	Sri Lanka	**(1.0)**	(2.3)	56.5%
	Other countries	**3.8**	2.4	58.3%
Sub-total Investment Properties		**185.3**	182.0	1.8%
Property Development for Sale & Other Business		**42.3**	28.2	50.0%
Consolidated profit from operating properties		**343.6**	6.1	5,532.8%
Net corporate finance costs (including foreign exchange gains and losses)		**(181.7)**	(145.6)	–24.8%
Corporate and project expenses		**(32.9)**	(22.1)	–48.9%
Consolidated profit/(loss) attributable to owners of the Company before non-operating items		**129.0**	(161.6)	N/M
Non-operating items		**55.1**	3.1	1,677.4%
Consolidated profit/(loss) attributable to owners of the Company after non-operating items		**184.1**	(158.5)	N/M

(N/M: not meaningful)

Consolidated financial results attributable to owners of the Company after non-operating items for the year ended 31 December 2023 was a profit of USD184.1 million, compared to a loss of USD158.5 million for the year ended 31 December 2022. Below shows the breakdown by business segments:

Hotel Properties

Hotel Properties registered a profit of USD96.6 million for the year ended 31 December 2023, an improvement of USD295.0 million, compared to a loss of USD198.4 million for the year ended 31 December 2022. The turnaround was mainly due to Mainland China and Hong Kong business recovery and Singapore's continued strong momentum. Our hotels in South-East Asia and Japan also had turnaround due to recovery of Chinese outbound travel and continued leisure demand from rest of the world.

Hotel Management and Related Services

Hotel Management and Related Services registered a profit of USD19.4 million for the year ended 31 December 2023, an improvement of USD25.1 million, compared to a loss of USD5.7 million for the year ended 31 December 2022. The improvement was mainly due to the improvement of the overall hotels business and operation efficiency at the headquarters.

Investment Properties

Investment Properties registered a profit of USD185.3 million for the year ended 31 December 2023, an increase of USD3.3 million, compared to USD182.0 million for the year ended 31 December 2022. Income from Investment Properties continued to grow at steady pace.

Property Development for Sale & Other Business

Property Development for Sale & Other Business registered a profit of USD42.3 million for the year ended 31 December 2023, an increase of USD14.1 million, compared to a profit of USD28.2 million for the year ended 31 December 2022. The increase was due to a significant number of residential units in the Zhengzhou project handed over in the second half of 2023.

The overall increase of operating profit from operating properties was mainly due to the turnaround from Hotel Properties.

Others

Non-operating items was an aggregate gain of USD55.1 million for the year ended 31 December 2023, compared to an aggregate gain of USD3.1 million for the year ended 31 December 2022. For the year ended 31 December 2023, amongst other items, major components included:

- An exceptional foreign exchange gain of USD29.9 million due to the appreciation of the Sri Lankan rupee, compared to an exceptional foreign exchange loss of USD110.3 million for the year ended 31 December 2022 due to the depreciation of the Sri Lankan rupee arising from the foreign currency bank loans borrowed by our Sri Lanka entity.

- Effective share of net fair value gains on investment properties of USD75.2 million, compared to effective share of net fair value gains on investment properties of USD89.9 million for the year ended 31 December 2022.

- A net impairment loss of USD39.0 million mainly provided for the Company's hotels in Maldives and Sri Lanka.

CORPORATE DEBT AND FINANCIAL CONDITIONS

As at 31 December 2023, the Group's net borrowings (total bank loans and fixed rate bonds less cash and bank balances and short-term fund placements) was USD4,717.6 million, a decrease of USD128.8 million, compared to USD4,846.4 million as at 31 December 2022. As at 31 December 2023, the aggregate effective share of net borrowings of subsidiaries and associates based on percentage of equity interests was USD4,152.3 million, a decrease of USD255.6 million, compared to USD4,407.9 million as at 31 December 2022. The decrease was mainly driven by the increase of operating cash inflow from hotel operations due to the recovery of hotel business during the year.

The Group's net borrowings to total equity ratio, i.e. the gearing ratio, decreased to 86.3% as at 31 December 2023 from 89.3% as at 31 December 2022. This decrease was primarily the result of an increase in total equity due to the current year's earnings, as well as a positive free cash flow that led to a decrease in the Group's net borrowings.

During the year, the Group executed the following bank loan agreements at the corporate level for financing maturing loans:

- Four 4-year bank loan agreements totalling HKD3,720 million (equivalent to USD480.0 million)
- One 5-year bank loan agreement of HKD800 million (equivalent to USD103.2 million)
- Six 3-year bank loan agreements totalling RMB3,130 million (equivalent to USD441.9 million)
- Three 5-year bank loan agreements totalling RMB6,570 million (equivalent to USD927.6 million)

At the subsidiary level, the Group also executed the following bank loan agreements in 2023:

- Four bank loan agreements totalling RMB779.2 million (equivalent to USD110.0 million) with maturities ranging from 3 to 8 years for financing maturing loans
- One 5-year bank loan agreement of RMB300 million (equivalent to USD42.4 million) for financing a project development
- One 5-year bank loan agreement of USD300 million for financing maturing loans

During the year, the Group continued to increase the number of sustainability-linked bank loan facilities and/or green loan facilities to a total amount of approximately USD3.9 billion. Such sustainability-linked bank loan agreements are linked to the Group's various sustainability performances and support the Group's dedication in achieving certain long term sustainability goals. Upon reaching certain predetermined performance targets as agreed with the banks, the Group will also benefit from paying lower interest rates.

The Group has not encountered any difficulty when drawing loans from committed banking facilities. None of the banking facilities were cancelled by the banks during or after 31 December 2023. The Group has satisfactorily complied with all covenants under its borrowing agreements. As at 31 December 2023, the adjusted total equity of the Group for financial covenants calculation purpose is USD9.2 billion and the resulting indebtedness ratio* as calculated is 62.9%.

* *Indebtedness ratio is defined as the sum of consolidated total financial indebtedness and contingent liabilities totalling USD5.8 billion divided by the Group's adjusted total equity of USD9.2 billion.*

The analysis of borrowings outstanding as at 31 December 2023 is as follows:

(USD million)	Maturities of Borrowings Contracted as at 31 December 2023 Repayment Within 1 year	In the 2nd year	In the 3rd to 5th year	After 5 years	Total
Borrowings					
Corporate borrowings					
– unsecured bank loans	241.5	–	2,639.1	33.2	2,913.8
– fixed rate bonds	102.3	659.0	245.2	264.3	1,270.8
Bank loans of subsidiaries					
– unsecured	265.1	391.5	680.0	164.0	1,500.6
Total outstanding balance	608.9	1,050.5	3,564.3	461.5	5,685.2
% of total outstanding balance	10.7%	18.5%	62.7%	8.1%	100.0%
Undrawn but committed facilities					
Bank loans	14.8	22.3	846.6	705.4	1,589.1

The currency mix of borrowings and cash and bank balances as at 31 December 2023 is as follows:

(USD million)	Borrowings	Cash and Bank Balances (Note)
In United States dollars	1,715.9	202.5
In Hong Kong dollars	1,236.5	49.5
In Singapore dollars	1,269.6	110.3
In Renminbi	1,210.4	330.1
In Euros	83.1	13.7
In Australian dollars	54.7	22.5
In Japanese yen	107.8	12.7
In Fijian dollars	7.2	7.9
In Philippines pesos	–	37.2
In Thai baht	–	64.8
In Malaysian ringgit	–	44.0
In British pounds	–	1.9
In Mongolian tugrik	–	21.1
In Sri Lankan rupee	–	47.1
In Myanmar kyat	–	0.5
In other currencies	–	1.8
Total	5,685.2	967.6

Note: Cash and bank balances as stated included short-term fund placements.

Except for the fixed rate bonds and certain bank loans at fixed interest rate (especially those new Renminbi bank loans borrowed at the corporate level), most of the borrowings of the Group are generally at floating interest rates. However, the Group has entered into interest-rate swap contracts on certain floating interest rate borrowings to hedge its medium-term interest rate risks. Please see the next section for further details.

Details of financial guarantees, contingencies and charges over assets as at 31 December 2023 are disclosed in Note 39 to the consolidated financial statements included in this report.

TREASURY POLICIES

The Group's treasury policies are aimed at minimising interest and currency risks. The Group assesses the market environment and its financial position and adjusts its tactics from time to time.

(A) Minimising Interest Risks

The majority of the Group's borrowings are in US dollar, HK dollar, Singapore dollar and Renminbi and they are arranged at the corporate level. The corporate bonds were issued at fixed rates. In August 2023, the Group had issued a 5-year term fixed rate bonds of SGD160 million (equivalent to USD120.2 million) with a coupon rate at 4.40% per annum. During the year, the Group had also secured additional Renminbi bank loan facilities totalling RMB9,700 million (equivalent to USD1,369.5 million) at the corporate level with mostly fixed interest rates ranging from 4.00% to 4.50% per annum. These new Singapore dollar bonds and Renminbi bank loans offer more favourable fixed interest rates compared to the existing US dollar and HK dollar bank loan facilities resulted in a reduced average interest cost for the Group.

To minimise the overall interest cost, the Group also closely monitored the cash flow of all its subsidiaries and transferred surplus cash to the corporate to reduce corporate debts and correspondingly interest cost. Intra-group loans and RMB cash pooling were also implemented in Mainland China to utilise the surplus cash of certain subsidiaries to meet the funding requirements of other group companies. The Group regularly reviews the intra-group and external financing arrangements in response to changes in currency exchange rates and bank loan interest rates.

The Group has endeavoured to hedge its medium-term interest rate risks arising from the Group's bank loans by entering into fixed HIBOR and SOFR interest-rate swap contracts. During the year, interest-rate swap contracts totalling HKD1,250 million (equivalent to USD161.3 million) and USD260 million were matured, while cross-currency swap contracts fixing the interest rates of HKD bank loans totalling HKD918.6 million (equivalent to USD118.5 million) were also matured. The Group had executed new cross-currency swap contracts to swap USD bank loans totalling USD260 million to RMB bank loans with a lower average interest rate of 4.23% per annum. As at 31 December 2023, the outstanding interest-rate swap contracts are:

- USD1,005.0 million at fixed rates ranging between 1.365% and 1.460% per annum maturing from July 2024 to March 2027

- HKD4,920.0 million (equivalent to USD634.8 million) at fixed rates ranging between 1.505% and 1.855% per annum maturing from July 2024 to August 2026

Taking into account the fixed rate bonds, fixed rate bank loans and the interest-rate swap contracts (including the cross-currency swap contracts that fix the interest rates of certain bank borrowings), the Group has fixed its interest liability at 65.8% of its outstanding borrowings as at 31 December 2023, compared to 60.6% as at 31 December 2022.

All of these interest-rate swap contracts qualify for hedge accounting.

(B) Minimising Currency Risks

The Group aims at using bank borrowings in local currency to finance the capital expenditure and operational funding requirements of the properties and/or development projects in the corresponding country to achieve natural hedging of its assets. Due to the significant exposure of the Group's Renminbi assets, efforts have been made to increase the amount of Renminbi borrowings which not only reduces the Group's average interest cost as mentioned in previous paragraph but also increases the hedging ratio for its Renminbi assets. Additionally, the Group would also execute cross-currency swap contracts to hedge against currency risks associated with foreign currency borrowings.

As at 31 December 2023, the Group has the following cross-currency swap contracts:

- 7-year term USD35 million between US dollar and Singapore dollar to hedge the US dollar fixed rate bonds at fixed interest rate of 4.25% per annum maturing November 2025

- 7-year term JPY8,000 million between Japanese yen and HK dollar to hedge the Japanese yen bank borrowings at fixed interest rate of 3.345% per annum maturing July 2026

- 5-year term USD260 million between US dollar and Renminbi to swap bank borrowings from US dollar at floating interest rates to Renminbi at fixed interest rates ranging between 4.20% and 4.29% per annum maturing December 2028

Most of the Group's hotels are quoting room tariffs in the local currency. It is the Group's practice, wherever and to the extent possible, to quote tariffs in the stronger currency and maintain bank balances in that currency, if legally permitted.

INVESTMENT PROPERTIES VALUATION

Investment properties of subsidiaries and associates continue to be stated at fair value and are reviewed semi-annually (including those properties being constructed for future use as investment properties for which fair value becomes reliably determinable). The fair values of investment properties are based on opinions from independent professional valuers as obtained by the Group and the relevant associates which own the investment properties. All changes in the fair value of investment properties (including those under construction) are recorded in the statement of profit or loss. For the year ended 31 December 2023, the Group recorded an overall effective share of net fair value gains of USD75.2 million for its investment properties.

The following table shows the fair value gains/(losses) of the investment properties held by the Group's subsidiaries and associates for the year ended 31 December 2023:

	Subsidiaries		Associates		Total	
(USD million)	100%	Effective Share	100%	Effective Share	100%	Effective Share
(Losses)/Gains	(3.5)	(11.6)	255.8	106.8	252.3	95.2
Deferred tax	6.3	6.0	(62.3)	(26.0)	(56.0)	(20.0)
Net gains/(losses)	2.8	(5.6)	193.5	80.8	196.3	75.2

Investment properties are stated at professional valuations carried out by the following independent firms of professional valuers engaged by the Group or the relevant associates as at 31 December 2023:

CHFT Advisory and Appraisal Ltd, Jones Lang LaSalle Ltd, Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited	:	For properties in Mainland China
CHFT Advisory and Appraisal Ltd	:	For properties in Mongolia
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	:	For properties in Singapore
W. M. Malik & Kamaruzaman Sdn. Bhd.	:	For properties in Malaysia
Jones Lang LaSalle Advisory Services Pty Ltd	:	For properties in Australia
Knight Frank Chartered (Thailand) Company Limited	:	For properties in Myanmar
Sunil Fernando & Associates (Pvt) Ltd.	:	For properties in Sri Lanka

IMPAIRMENT PROVISION

The Group assesses the carrying value of the group-owned properties during the year when there is any indication that the assets may be impaired. Indicative criteria include continuing adverse changes in the local market conditions in which the properties operate or will operate, or when the properties continue to operate materially behind budget. At year end, the Group assessed the carrying value of all group-owned operating hotels and properties under development. Professional valuations have been carried out by independent professional firms for those properties for which the internal assessment results need independent confirmation.

Based on the Group's internal assessment and professional valuations, the Group provided a total impairment loss of USD40.1 million for its hotels in Maldives and Sri Lanka. On the other hand, prior years' impairment losses of USD1.1 million for its hotels in Australia and Mainland China were reversed during the year.

FINANCIAL ASSETS – TRADING SECURITIES

As at 31 December 2023, the market value of the Group's investment portfolio was USD10.6 million, which mainly included 4,483,451 ordinary shares in Kerry Properties Limited amounting to USD8.2 million and 2,241,725 ordinary shares in Kerry Logistics Network Limited amounting to USD2.4 million. The Group recorded losses of USD3.2 million through profit or loss for the year ended 31 December 2023. Dividend income of USD0.9 million was recognised during the year.

DEVELOPMENT PROGRAMMES

Construction work on the following projects is on-going:

(A) Hotel Developments

	Group's Equity Interest	Hotel Rooms	Projected Opening
In Mainland China			
JEN Kunming by Shangri-La*	45%	274	2024
Shangri-La Kunming*	45%	75	2025
Shangri-La Zhengzhou	45%	314	2026
In Japan			
Shangri-La Kyoto	20%	77	2026

* Being part of a composite development project in Kunming City

The Shangri-La and Traders Hongqiao Airport with 611 rooms, which will be operated under operating lease, will open for business in 2024.

(B) Composite Developments and Investment Property Developments

	Group's Equity Interest	Total gross floor area upon completion (excluding hotel component) *(approximate in square metres)* Residential	Office	Commercial	Scheduled Completion
In Mainland China					
Shenyang Kerry Centre – Phase III	25%	251,467	69,144	93,417	2024 onwards*
Kunming City Project	45%	20,917	–	–	2024
Phase II of Shangri-La Fuzhou	100%	–	–	50,447	2024
Composite development project in Zhengzhou	45%	–	58,946	–	2026 onwards*
Tianjin Kerry Centre – Phase II	20%	27,817	92,651	17,490	2025
TOTAL		300,201	220,741	161,354	

* Being developed in phases

During the year, the residential and commercial components of the Zhengzhou project, as well as the office and commercial components of the Nanchang Phase II project, were completed and are currently held for sale. A significant number of residential units in the Zhengzhou project were handed over, resulting in recognised profits during the year. The Group's wholly owned Shangri-La Centre, Fuzhou (Phase II of Shangri-La Fuzhou) had its office component opened in the second half of 2023 and the remaining commercial component will also open in 2024.

The Group is currently reviewing the development plans of the following projects:

Hotel development

- Rome, Italy (wholly owned by the Group)
- Lakeside Shangri-La, Yangon, Myanmar (55.86% equity interest owned by the Group)
- Bangkok, Thailand (73.61% equity interest owned by the Group)

Composite development

- Accra, the Republic of Ghana (45% equity interest owned by the Group)

The Group continues to review its asset portfolio and may sell assets it considers non-core at an acceptable price and introduce strategic investors for some of its operating assets/development projects. The Group adjusts its development plans and investment strategy from time to time in response to changing market conditions and to improve the financial position of the Group.

ACQUISITION

In August 2023, the Group acquired the remaining 30% equity interest in an original 70% owned subsidiary which owns the Shangri-La's Villingili Resort & Spa, Maldives at nil consideration. There is no gain or loss recognised for this acquisition but a deficit balance of USD59.8 million for the non-controlling interests and a payable balance of USD2.7 million due to the non-controlling shareholder were derecognised and a net deficit amount of USD57.1 million was transferred to the Group's retained earnings.

MANAGEMENT CONTRACTS FOR HOTELS OWNED BY THIRD PARTIES

During the year ended 31 December 2023, a hotel under a management agreement owned by third parties, namely JEN Shenzhen Qianhai by Shangri-La in Mainland China, opened for operation while three management agreements with Shangri-La Haikou and Shangri-La Changzhou in Mainland China and JEN Johor Puteri Harbour by Shangri-La in Malaysia were terminated.

In January 2024, the new Shangri-La Nanshan, Shenzhen in Mainland China also opened for business. As at the date of this report, the Group has management agreements for 21 operating hotels owned by third parties. In addition, the Group also has agreements on hand for the development of 3 new hotels currently under development and owned by third parties. The development projects are located in Hangzhou (Mainland China), Phnom Penh (Cambodia) and Melbourne (Australia).

The Group continues to review proposals it receives for management opportunities and intends to secure management agreements for third-party owned hotels that do not require capital commitment in locations/cities which it considers to be of long-term strategic interest.

HUMAN RESOURCES

Our business has always been fundamentally about people, our customers and also our committed employees. The Shangri-La is a proud employer of more than 43,000 talented and dedicated people, who work together as one team in pursuit of our aspiration to become the best-loved hospitality group globally by 2030.

In 2023, we continued to invest in, engage and develop our people. Our efforts were guided by four strategic pillars: (1) strengthening our leadership, (2) developing workforce capabilities (3) recognising and rewarding our people, (4) fostering Shangri-La culture.

Strengthening Our Leadership

Developing our leaders has always been a key priority at Shangri-La. During the year, we conducted our flagship leadership development programmes with eligible employees. These programmes included:

- The Business Leaders Programme designed to develop future hotel general managers
- The Operational Leaders Programme which caters to future hotel resident managers
- The Emerging Leaders Programme which focuses on future mid-level managers

In 2023, more than 500 leaders and future leaders have benefited from these programmes.

In addition, we launched a new, specially curated programme in 2023, known as the Leadership Transformation Workshop. This initiative is helping to align our leaders' understanding for the Group's aspirations, and to embed specific leadership skills that we believe will support our sustained success. More than 200 senior leaders have completed the workshop to-date. The programme will continue to run in 2024 for middle managers and an abridged version for non-managers.

Dedicated to nurturing a robust talent pipeline and fostering internal advancement, we assessed more than 2,750 incumbents occupying leadership roles at Shangri-La. These evaluations delved into organisational structure, leadership qualities, and functional expertise. The insights we gleaned have enabled us to further equip our leaders with the ability to guide their teams towards delivering our current objectives and future aspirations.

In tandem with our commitment to cultivating a robust talent pipeline, we reinstated the Global Annual Conference in 2023. Held in Beijing, this event brought together our top leaders, asset owners, and business partners to share insights and celebrate Shangri-La's successful preparations for a post-COVID pandemic business recovery.

Developing Workforce Capabilities

We are strongly committed to providing career development opportunities for all our people. To this end, in 2023 we rolled out a comprehensive suite of customised learning and development programmes, along with on-the-job training opportunities, tailored to individual needs.

Capitalising on our upgraded digital learning platform, Shangri-La Academy delivered a diverse array of virtual interactive learning programmes. These offerings allowed our team members to engage at their convenience, with personalised recommendations tailored to their needs. In 2023, we launched 47 courses developed in-house of which 20 were focused on information and technology, reflecting our proactive approach to embracing emerging trends. On average, each employee dedicated approximately 58 hours to learning throughout the year.

Recruiting and nurturing young talent with a passion for the hospitality business is paramount to our future. We took great pride in 2023 for achieving a remarkable 100% retention rate for all our Management Trainees under our signature "Shangri-La+ Management Trainee" programme. This initiative supported high potential future leaders, providing them with comprehensive experience and exposure across our properties, regional offices, and headquarters.

To ensure our people have clarity regarding annual goals and pathways to achievement, we undertook significant measures to elevate our global performance management methodology. We did so by formalising our Performance Development Conversations in the goal-setting and year-end review process. These conversations were meticulously crafted to empower managers to align and assess their team members' performance and conduct. As a result, each employee developed personalised objectives grounded in the Group's Operating Framework, alongside individualised development action plans aimed at fostering personal and professional growth.

Recognising and Rewarding Our People

The Company's remuneration philosophy is to reward our people competitively and fairly, to incentivise and recognise the achievement of short and long-term business goals, and to attract, retain and motivate the very best talent in the industry.

Our core remuneration programmes are tied to our performance development review programme, which is designed to evaluate colleagues' contributions, impact, and areas for development throughout the performance review cycle. The Group's Balanced Scorecard measures the performance of business units in the areas of financial achievement, guest satisfaction, people development, initiatives, community responsibility and compliance. The financial and non-financial measures are carefully considered in the reward programmes to ensure alignment between remuneration and our business strategy. Our remuneration programmes are governed by the Group's remuneration policies, guidelines and processes.

We maintained salaries and benefits, including provident fund contributions, insurance and medical coverage, and a share award scheme, at competitive levels in 2023.

The Group's share option scheme adopted by the shareholders on 28 May 2012 was already expired in 2022 and all the outstanding options granted were lapsed in 2023. Details of the share award scheme adopted by the shareholders on 28 May 2012 and revised on 10 August 2012, 31 May 2018 and 29 December 2022 are provided in the section headed "Share Award Scheme" of the Directors' Report. The Group has granted shares under the share award scheme to attract, retain and motivate key talent to achieve long term growth and to align management with shareholders' value creation. The details of shares granted under the share award scheme in 2023 are provided in the Directors' Report.

Beyond the core remuneration programmes, this year, we further enhanced our total rewards offerings with two key global programmes to promote the wellbeing of our people – the Complimentary Rooms and Staff Rates programme and the Moments of Joy programme.

To reward our employees for their hard work and devotion, we re-launched the Complimentary Rooms and Staff Rates programme with extended coverage to all colleagues across properties and levels. The programme offers exclusive complimentary room nights and discounted staff rate in order for our colleagues to enjoy the heartfelt Shangri-La hospitality and create their memorable experiences with us.

Moments of Joy was designed to recognise our people who truly embody our culture and values. This initiative serves as a means for us to express gratitude and extend recognition to our team members for the additional efforts they make throughout the year. The programme encourages peer-to-peer nominations, promoting exemplary acts that solve problems and bring joy to our guests. Recipients of the awards receive certificates and rewards. Additionally, selected stories from each of our operating regions are featured in our monthly Shangri-La Pulse newsletter, giving a platform to our most dedicated workers and sharing their ethos and practices with our global colleagues.

As at 31 December 2023, the Company and its subsidiaries had approximately 26,100 employees. The number of people employed by Shangri-La Group, including all operating hotels, was 43,600. The Group's total employee benefit expenses (excluding directors' emoluments) amounted to USD762.1 million (2022: USD630.6 million).

Fostering Shangri-La Culture

The strength of our culture at Shangri-La is underpinned by our talented people across the Group. The diverse cultural and national backgrounds of our team enrich Shangri-La, offering a wealth of perspectives and insights that greatly contribute to our governance and decision-making processes. Simultaneously, we strive to cultivate an inclusive workplace as we ensure that our employees are aligned with our Vision, Purpose, Business, and Shared Values.

Listening to our employees is paramount as we continually strive to align with their expectations, foster their engagement, and prioritise their well-being. In 2022, we conducted our inaugural company-wide Culture Pulse Survey to provide our employees with a platform to express their views on our engagement strategies. We repeated the Culture Pulse Survey this year, achieving an impressive 99% response rate, representing a 9% increase from the previous year. Based on the survey's four-point scale, we attained an overall score of 3.8, indicating a notable enhancement in employee satisfaction.

In 2023, the Group achieved a retention rate of over 90% for key leaders while successfully identifying and nurturing future leaders and talented employees. These individuals are playing a pivotal role in our success as they work together to propel our business to new heights.

Engaging Our People

At Shangri-La, we believe that being part of a community means proactively supporting local endeavours in times of need. Supporting local communities is one of our Group's core values, which is rooted in our Asian heritage. Our global workforce has proudly united to contribute to a range of meaningful community endeavours. One of the year's significant projects involved providing support for the construction of the "Friendship City" – 300 containers serving as temporary homes for over 1,200 displaced residents affected by the earthquakes in Hatay, Türkiye.

PROSPECTS

2023 saw the return of global travel as all markets fully reopened. Our bottom-line returned to pre-pandemic levels while margins surpassed pre-pandemic levels despite challenging macro conditions including inflation and rising interest rates due in part to cost and efficiencies improvements during the pandemic. Our performance was also due in no small part to our commitment to retain our frontline colleagues throughout the pandemic, which allowed us to better serve our guests in a tight labour market situation.

The leisure driven return to travel and changing consumer landscape affirms our strategy to grow our offerings to serve our guests and customers in a more holistic way and complement our strong corporate customer base.

We continue to revamp our existing portfolio to better serve our guests' and customers' needs especially in the leisure segment. In Island Shangri-La, Hong Kong, we launched our new wellness offering, designed to attract both travellers and locals looking for a city escape, complemented by the launch of our Family floor and our new "Ming Pavilion" restaurant, which presents an elevated take on Fujian cuisine. The opening of The Palawan@ Sentosa: a new 'lifestyle and entertainment precinct' on the Sentosa Island's Palawan beach in Singapore; providing a new experience to stay and non-stay guest alike. In Fuzhou, the opening of our new shopping mall and office tower sets new benchmarks on retail and leisure operations in an integrated property. By the end of 2024, we will have launched JEN Kunming by Shangri-La and completed the rejuvenation of Shangri-La Hangzhou both of which will also set new benchmarks and serve as blueprints for our other properties.

Meanwhile, we continue to grow our footprint through management contracts, especially in Mainland China. We opened JEN Shenzhen Qianhai by Shangri-La in 2023, followed by Shangri-La Nanshan, Shenzhen in early 2024.

Amidst this physical expansion, our digital engagement efforts through the acclaimed Shangri-La Circle loyalty program have been instrumental in driving customer retention and increasing direct bookings to new heights. The enriched digital experience we offer has not only streamlined the booking process but has also deepened the relationship with our guests, resulting in record-high repeat business.

With global international travel and China domestic travel returning to normalised levels, we are cautiously optimistic on the return of Chinese outbound travel as the next growth catalyst as more markets continue to roll out favourable policies and promotions, including the introduction of visa-free travel for Chinese tourists, as done by the governments of Singapore, Malaysia, and Thailand.

We remain dedicated to delivering our renowned Asian hospitality and look forward to welcoming guests from around the world to both our time-honoured and new properties alike. As we push forward, we will also stay vigilant on costs to continue ensuring topline growth translates to stronger bottom line, and more importantly, cash generation. Meanwhile, we remain selective and strategic in our project undertakings, ensuring we allocate resources to opportunities with the most significant potential for sustainable growth whilst balancing our reserves to provide returns for our shareholders.

02

Properties Under Development

(A) HOTELS OWNED/LEASED AND MANAGED BY THE GROUP

Location	Properties	Group's equity interest as at Year End	Approximate total site area (m^2)	Approximate total gross floor area (m^2)	Number of projected rooms
Hotels in Mainland China					
1 Kunming, China	JEN by Shangri-La (part of composite development)	45%	N/A	33,975	274
2 Kunming, China	Shangri-La Hotel, Kunming (part of composite development)	45%	N/A	9,565	75
3 Zhengzhou, China	Shangri-La Hotel (part of composite development)	45%	N/A	38,235	314
4 Shanghai Hongqiao, China	Shangri-La Hotel and Traders Hotel	Operating lease	N/A	57,035	611
Hotel in Japan					
5 Kyoto, Japan	Shangri-La Hotel	20%	5,830	11,817	77
	Total				1,351

(B) OTHER PROPERTIES OWNED BY THE GROUP

Location	Properties/Purpose	Group's equity interest as at Year End	Approximate total site area (m^2)	Approximate total gross floor area (m^2)
In Mainland China				
1 Shenyang, China	Shenyang Kerry Centre (Phase III)	25%	59,122	
	- Residential			251,467
	- Office			69,144
	- Commercial			93,417
2 Kunming, China	Composite development	45%	15,446	
	- Residential			20,917
3 Fuzhou, China	Composite development	100%	36,714	
	- Commercial			50,447
4 Zhengzhou, China	Composite development	45%	22,816	
	- Office			58,946
5 Tianjin, China	Composite development (Phase II)	20%	20,393	
	- Residential			27,817
	- Office			92,651
	- Commercial			17,490

Stage of completion	Projected opening	Address
Interior decoration work in progress	2024	88-96 Dong Feng Road, Panlong District, Kunming, Yunnan Province, China
Interior decoration work in progress	2025	88-96 Dong Feng Road, Panlong District, Kunming, Yunnan Province, China
Superstructure work, external decoration work in progress	2026	East of Huayuan Road, South of Weier Road, Zhengzhou, Henan Province, China
Superstructure completed	2024	II-H5 Land Lot, North of Shanghai Hongqiao International Airport T2, Shanghai, China
Main contract negotiation in progress	2026	536-71, Maruta-machidori Kuromon Higashiiru Waraya-cho,Kamigyo-ku Kyoto, Japan

Stage of completion	Projected opening	Address
Residential: Curtain wall installation work, mechanical work, interior decoration work and landscape work in progress Commercial and office: Basement structual work in progress	In phases from 2024 onwards	Lot No. 2007-053, No. 8 Golden Corridor, 113 Qingnian Da Street, Shenhe District, Shenyang, Liaoning Province, China
Interior decoration work in progress	2024	88-96 Dong Feng Road, Panlong District, Kunming, Yunnan Province, China
Superstructure completed	2024	9 Xinquan Nan Road, Fuzhou, Fujian Province, China
Superstructure work, external decoration work in progress	In phase from 2026 onwards	East of Huayuan Road, South of Weier Road, Zhengzhou, Henan Province, China
Superstructure work in progress	2025	Junction of Liuwei Road and Liujin Road, Hedong District, Tianjin, China

(C) PROPERTIES UNDER CONCEPT PLANNING

Location	Purpose	Group's equity interest as at Year End	Approximate total site area (m^2)	Approximate total gross floor area (m^2)
In other countries				
1 Accra, The Republic of Ghana	Composite development	45%	49,874	35,545
2 Rome, Italy	Hotel	100%	1,489	8,840
3 Yangon, Myanmar	Hotel	55.86%	36,038	75,035
4 Bangkok, Thailand	Hotel	73.61%	2,820	27,000

Address
Airport North on Spintex Road, City of Accra, The Republic of Ghana
Roma via Vittorio Veneto 90, 92, 94, 96, 98, 98A, 100, 102 and Roma via Lombardia 4, 6, 8, Rome, Italy
No. 150/150 (A), Kan Yeik Thar Road, Between Upper Pansodan Road and Thein Phyu Road, Mingalar Tuang Nyunt Township, Yangon, Myanmar
Soi Sukhumvit 55 (Thonglor) Sukhumvit Road , Klongton Nua, Vadhana, Bangkok, Thailand

03

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Directors' Report

The Directors submit this Directors' Report together with the Financial Statements for the Financial Year.

GENERAL DISCLOSURE ITEMS

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding.

The principal activities of the Group are the development, ownership and operation of hotel properties, the provision of hotel management and related services, the development, ownership and operation of investment properties, and property development for sale. The Group operates its business under various brand names including "Shangri-La", "Kerry Hotel", "JEN by Shangri-La", "Traders Hotel", "Rasa", "Summer Palace", "Shang Palace" and "CHI, The Spa at Shangri-La".

The principal activities of the Group's associates are the development, ownership and operation of hotel properties, the development, ownership and operation of investment properties as well as property development for sale.

An analysis of the performance of the Group for the Financial Year by geographical and business segments is set out in Note 5 to the Financial Statements.

Business Review

Business and financial performances

A review of the Company's business and financial performances is set out in the section entitled "Discussion and Analysis" in the Annual Report.

Compliance with laws

The Company has complied with relevant laws and regulations that have a significant impact on the Company throughout the Financial Year. Management committees have been set up to oversee the implementation of corporate governance in the Company's daily business. Details are set out in the section entitled "Corporate Governance Report" in the Annual Report and the Sustainability Report respectively.

Environmental policies and performance

The Company's sustainability framework is built on three areas: Stay, Savour, and Shine, representing our rooms business, F&B business and our people respectively. Each area addresses ESG topics that are determined to be material for the Company's business and stakeholders.

The Company's Environmental Policy sets out our commitments towards climate change, energy efficiency, our carbon footprint, water conservation, waste management, biodiversity, and our Group's environmental principles. The policy has been posted on the Company's corporate website.

The Company implements green building standards in the design and construction of the Company's new properties and renovation projects and strives to reduce the environmental footprint of the Company's property portfolio over time by achieving continuous improvement in operational efficiencies and avoiding waste.

During the Financial Year, the Company set more ambitious 2030 environmental goals and achieved its intensity reduction targets for carbon emission, energy, water and single-use plastics. Performance highlights are appended as follows and the details are set out in the Sustainability Report.

- Carbon intensity (kg CO2e/m2): Reduced by 24% relative to 2019 baseline, on track to achieve a 23% reduction by 2030
- Energy intensity (kWh/m2): Reduced by 12% relative to 2019 baseline, on track to achieve a 23% reduction by 2030
- Water intensity (m3/occupied room night): Reduced by 7% relative to 2019 baseline, on track to achieve an 8% reduction by 2030
- Single use plastics intensity (g/occupied room night): Reduced by 41% relative to 2019 baseline, on track to achieve a 65% reduction by 2030

Stakeholders engagement

The Company's sustainability framework is continually adapting to reflect the evolving needs and expectations of key stakeholder groups. The Company seeks to engage with and gather feedback from stakeholders through various channels to understand stakeholders' thoughts and to collect their input relating to ESG matters. The details are set out in the Sustainability Report.

Dividends

The Board has recommended no interim dividend and proposes a final dividend of HK15 cents per Share for the Financial Year.

The details of dividends paid for the Financial Year are set out in Note 37 to the Financial Statements.

Reserves

The details of movements in reserves during the Financial Year are set out in Notes 18 and 20 to the Financial Statements.

Donations

Charitable donations and other donations made by the Group during the Financial Year amounted to USD2,390,000.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Bye-Laws or the laws of Bermuda.

Share Capital

The details of the Company's share capital are set out in Note 18 to the Financial Statements.

Management Contracts

No contract with any person or entity concerning the management and administration of the whole or any substantial part of the business of the Group (other than contract of service with any Director or employee of the Group) was entered into or existed during the Financial Year.

Directors and Officers Liability Insurance

An insurance policy with permitted indemnity provision insuring claims made against, amongst others, the directors and the management officers of the Group members and the persons representing the Group as directors or management officers in the Group's associates was in effect throughout the Financial Year and remained in effect up to the date of the Annual Report.

Major Customers and Suppliers

The percentages of the five largest customers combined and the five largest suppliers combined are less than 10% of the Group's total revenue and purchases, respectively.

DIRECTORS

The Directors who held office during the Financial Year and the period thereafter up to the date of this Directors' Report were:

Executive Directors

Ms KUOK Hui Kwong *(Chairman)*
Mr CHUA Chee Wui *(Group CFO and Group CIO)*

Non-executive Director

Mr LIM Beng Chee

Independent Non-executive Directors

Professor LI Kwok Cheung Arthur
Mr YAP Chee Keong
Mr LI Xiaodong Forrest
Mr ZHUANG Chenchao
Ms KHOO Shulamite N K

At the Annual General Meeting, Professor LI Kwok Cheung Arthur, Mr YAP Chee Keong and Ms KHOO Shulamite N K will retire in accordance with the Bye-Laws. All retiring Directors, being eligible, have offered themselves for re-election.

Independence of Independent Non-executive Directors

The Board has received from each Independent Non-executive Director confirmation of his independence according to the guidelines set out in Rule 3.13 of the Listing Rules. The Nomination Committee, on behalf of the Board, has assessed the independence of each of the existing Independent Non-executive Directors and considers all the Independent Non-executive Directors independent.

Changes in Directors' Information

There have been changes in the information of some of the Directors since the date of the Company's last interim report. Details of the changes required to be disclosed under Rule 13.51B(1) of the Listing Rules are as follows:

(1) Mr YAP Chee Keong ceased to act as an independent non-executive director of MediaCorp Pte Limited on 20 September 2023.

(2) As part of the regular annual salary review, the Remuneration & Human Capital Committee has reviewed and approved the proposed monthly base salary of the Executive Directors for 2024. Changes in monthly salary were in the range of 0.0% to 20.0% and effective 1 January 2024.

SIGNIFICANT SHAREHOLDERS' INTERESTS

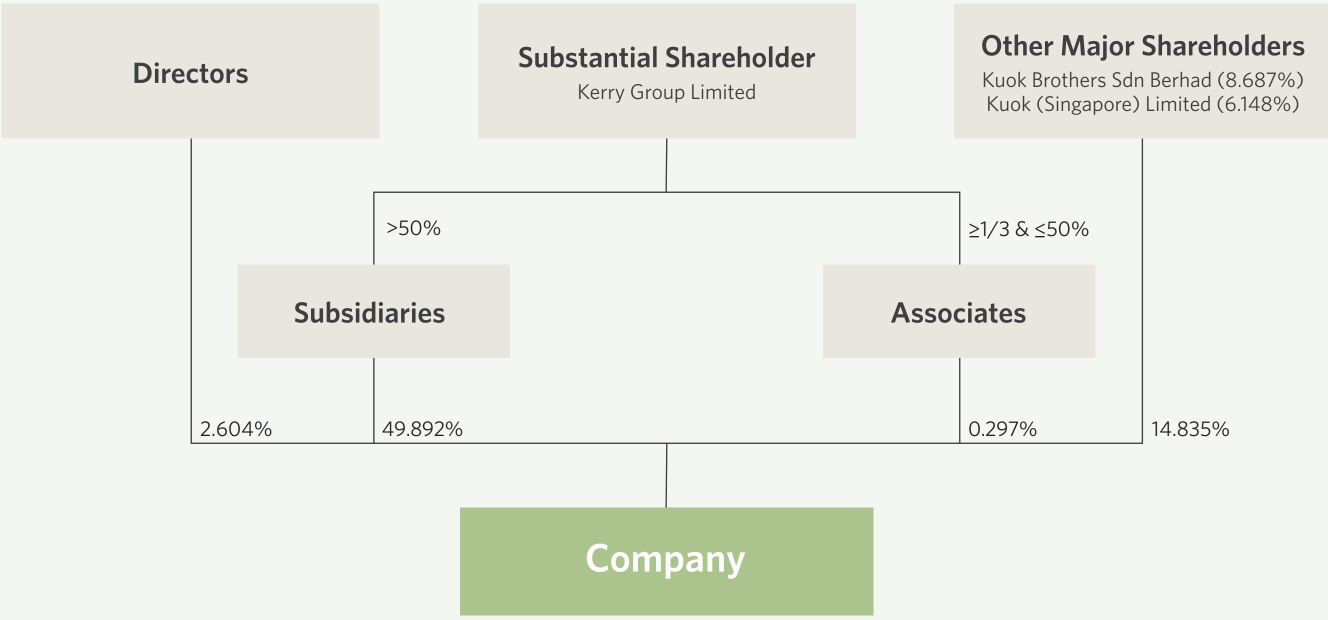
As at Year End, the interests and short positions of those persons (other than the Directors) in Shares and underlying Shares as recorded in the register that is required to be kept by the Company under Section 336 of the SFO or as ascertained by the Company after reasonable enquiry were as follows:

Name	Capacity	Number of Shares held	Approximate % of total issued Shares
Substantial Shareholders			
KGL *(Note 1)*	Interest of controlled corporations	1,799,537,010	50.189
KHL *(Notes 1 and 2)*	Beneficial owner	87,237,052	2.433
	Interest of controlled corporations	1,538,441,491	42.907
Caninco Investments Limited ("**Caninco**") *(Note 2)*	Beneficial owner	568,568,684	15.857
	Interest of controlled corporations	157,280,233	4.387
Paruni Limited ("**Paruni**") *(Note 2)*	Beneficial owner	382,904,547	10.679
	Interest of controlled corporations	36,667,449	1.023
Other Major Shareholders			
Darmex Holdings Limited ("**Darmex**") *(Note 2)*	Beneficial owner	267,068,070	7.449
Kuok Brothers Sdn Berhad	Beneficial owner	84,441,251	2.355
	Interest of controlled corporations	227,043,761	6.332
Kuok (Singapore) Limited ("**KSL**") *(Note 3)*	Interest of controlled corporations	220,444,907	6.148
Baylite Company Limited ("**Baylite**") *(Note 3)*	Beneficial owner	220,444,907	6.148

Notes:

1. KHL is a wholly owned subsidiary of KGL and accordingly, the Shares in which KHL is shown as interested are also included in the Shares in which KGL is shown as interested. The number of Shares shown were the holdings as at Year End and might be different from the latest public record filed by the relevant Shareholders before Year End as required under SFO.
2. Caninco, Paruni and Darmex are wholly owned subsidiaries of KHL and accordingly, the Shares in which Caninco, Paruni and Darmex are shown as interested are also included in the Shares in which KHL is shown as interested. The number of Shares shown were the holdings as at Year End and might be different from the latest public record filed by the relevant Shareholders before Year End as required under SFO.
3. Baylite is a wholly owned subsidiary of KSL and accordingly, the Shares in which Baylite is shown as interested are also included in the Shares in which KSL is shown as interested.

Deemed interests of Directors, Substantial Shareholder and Other Major Shareholders (as at Year End)



DIRECTORS' INTERESTS

Director's Interest in Securities of the Company and its Associated Corporations

As at Year End, the interests and short positions of the Directors in shares, underlying shares and debentures in/of the Company and its associated corporations (within the meaning of Part XV of the SFO) ("**Associated Corporations**") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and HKSE pursuant to the Securities Model Code were as follows:

(A) Long positions in shares in the Company and Associated Corporations

			Number of shares held					Approximate % of total issued shares in the relevant company
Name of company	Name of Director	Class of shares	Personal interests	Family interests	Corporate interests	Other interests	Total	
The Company	KUOK Hui Kwong	Ordinary	(1) 1,200,833	(2) 613,334	(3) 2,000,000	(4) 88,251,718	92,065,885	2.568
	CHUA Chee Wui	Ordinary	242,000	–	–	–	242,000	0.007
	LIM Beng Chee	Ordinary	1,058,000	–	–	–	1,058,000	0.030
	Total		2,500,833	613,334	2,000,000	88,251,718	93,365,885	2.605

Notes:

1. 32,000 shares were held jointly by Ms KUOK Hui Kwong and her spouse.
2. These shares were the deemed interest of Ms KUOK Hui Kwong's spouse.
3. These shares were held through a company owned by Ms KUOK Hui Kwong.
4. These shares were held through discretionary trusts of which Ms KUOK Hui Kwong is a discretionary beneficiary.

(B) Long positions in underlying shares in the Company and Associated Corporations

As at Year End, there were share awards held by Directors with rights to Shares. Details of such underlying shares are set out in the sections entitled "Share Option Scheme" and "Share Award Scheme" of this Directors' Report.

Directors' Dealings

During the Financial Year, the particulars of the deemed dealings in Shares by the Directors (other than exercise/acceptance of share options and share awards, if any) as notified to the Company are set out below:

Director	Dealing entity/ Capacity	Date of dealing	Number of Shares bought/(sold)	Average dealing price per Share (HKD)
KUOK Hui Kwong	Discretionary Trusts	4 December 2023	2,000,000	5.160

Directors' Interests in Contracts

Save as disclosed, if any, in the section entitled "Connected Transaction" and "Continuing Connected Transactions" of this Directors' Report, no contract of significance in relation to the Group's business to which any member of the Group was a party and in which any Director had a material interest subsisted at Year End or at any time during the Financial Year.

Directors' Service Contracts

No Director proposed for re-election at the Annual General Meeting has entered into a service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Competing Business

Pursuant to Rule 8.10(2) of the Listing Rules, none of the Directors during the Financial Year and up to the date of this Directors' Report (for the period the respective Directors acted as Directors) have notified the Company of interests (other than as directors representing the Group's interest) in businesses that compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

SHARE OPTION SCHEME

A share option scheme of the Company was adopted by Shareholders on 28 May 2012 ("**Option Scheme**"). As the term of the Option Scheme expired on 28 May 2022, no further options may be granted, but options granted before 28 May 2022 may still be exercised during the relevant exercise period.

The major terms of the Option Scheme are as follows:

(1) Purpose of the Option Scheme

The purpose of the Option Scheme is to motivate eligible participants of the Option Scheme to optimise their future contributions to the Company and its subsidiaries and associates, and the entities in which any of the aforesaid companies holds an interest (collectively referred to as "**Enlarged Group**"); and/or to reward them for their past contributions; and to attract and retain or otherwise maintain ongoing relationships with such eligible participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Enlarged Group.

(2) Eligible participants of the Option Scheme

The eligible participants of the Option Scheme include:

(a) an employee or proposed employee of any member of the Enlarged Group or a person seconded to work for any member of the Enlarged Group;

(b) a director or proposed director of any member of the Enlarged Group;

(c) an officer or proposed officer of any member of the Enlarged Group;

(d) a direct or indirect shareholder of any member of the Enlarged Group;

(e) a supplier of goods or services to any member of the Enlarged Group;

(f) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Enlarged Group;

(g) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Enlarged Group;

(h) a landlord or tenant (including a sub-tenant) of any member of the Enlarged Group;

(i) any person approved by Shareholders; and

(j) an associate of any of the foregoing persons.

(3) Life of the Option Scheme

The term of the Option Scheme expired on 28 May 2022, following which no further options may be granted. Options granted before this date may still be exercised during the relevant exercise period.

(4) Maximum number of Shares available to be granted under the Option Scheme

The maximum number of Shares in respect of which options may be granted under the Option Scheme (and under any other share option scheme) shall not, in aggregate, exceed 10% of the Shares in issue as at the adoption date of the Option Scheme. The Company may from time to time as the Board may think fit seek approval from Shareholders to refresh this limit, save that the maximum number of Shares that may be issued upon exercise of all options to be granted under the Option Scheme (and under any other share option scheme) shall not exceed 10% of the Shares in issue as at the date of Shareholders' resolution refreshing the limit. Notwithstanding the above, the maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme (and under any other share option scheme) shall not exceed 30% of the Shares in issue from time to time.

(5) Maximum number of Shares allowed to be granted to any one grantee under the Option Scheme

The maximum number of Shares issued and issuable upon full exercise of the options granted to any one grantee (including exercised, lapsed, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time.

(6) Exercise period

The period within which an option may be exercised shall be such period as the Board may, in its absolute discretion, determine at the time of grant, save that the period shall not be beyond 10 years commencing on the date of grant of an option. The minimum period for which an option must be held (if any) or the fulfilment of any condition (if any) before it can be exercised shall be determined by the Board upon the grant of an option. The full amount of the exercise price for the subscription of Shares must be paid upon exercise of an option.

(7) Exercise price for Shares under the Option Scheme

The exercise price for any particular option shall be such price as the Board may, in its absolute discretion, determine at the time of grant of the relevant option, but the exercise price shall not be less than the highest of:

(a) the nominal value of a Share;

(b) the closing price of the Shares as stated in HKSE's daily quotation sheets on the date of the resolution of the Board approving the grant of options which must be a day on which HKSE is open for the business of dealing in securities; and

(c) the average of the closing price of the Shares as stated in HKSE's daily quotation sheets for the five trading days immediately preceding the date of grant.

Details and movements of option shares that were granted under the Option Scheme and remained outstanding during the Financial Year are as follows:

			Number of option shares							
Grantees		Date of grant	Balance as at 1 Jan 2023	Granted during the period	Transferred from other category during the period	Transferred to other category during the period	Lapsed during the period	Exercised during the period	Balance as at 31 Dec 2023	Exercise price per option share (HKD)	Exercise period
1.	**Director**										
	LI Kwok Cheung Arthur	23 Aug 2013	100,000	–	–	–	(100,000)	–	–	12.11	23 Aug 2013 - 22 Aug 2023
2.	**Employees**	23 Aug 2013	3,138,000	–	–	(50,000)	(3,088,000)	–	–	12.11	23 Aug 2013 - 22 Aug 2023
3.	**Other participants**	23 Aug 2013	3,270,000	–	50,000	–	(3,320,000)	–	–	12.11	23 Aug 2013 - 22 Aug 2023
Total			6,508,000	–	50,000	(50,000)	(6,508,000)	–	–		

Note:

1. No options were cancelled during the Financial Year.

SHARE AWARD SCHEME

A share award scheme of the Company was adopted by Shareholders on 28 May 2012 and was revised on 10 August 2012, 31 May 2018 and 29 December 2022 with further restraints/limits/changes imposed ("**Award Scheme**"). Per the amendment to the Award Scheme on 29 December 2022, award shares of the Company can only be funded by existing shares of the Company.

The major terms of the Award Scheme (as amended) are as follows:

(1) Purpose of the Award Scheme

The purpose of the Award Scheme is to support the long-term growth of the Group and enhance its reputation as an employer-of-choice in the industry. In particular, the Award Scheme is intended to attract suitable personnel for the further development of the Group, to recognise contributions by qualified participants and incentivise them to continue making contributions to the Group and to retain talent. The Award Scheme will also help to align the interests of Directors and senior management of the Group with the Group's long-term performance.

(2) Qualified participants of the Award Scheme

The qualified participants of the Award Scheme include:

(a) a director;

(b) an employee; or

(c) an officer,

of any member of the Group other than those who reside in jurisdictions where the grant of Shares or the transfer of Shares to such persons under the Award Scheme will not be permitted under the laws and regulations of such jurisdictions, or will be subject to requirements with which compliance will, at the Board's sole discretion, be unduly burdensome or impractical.

(3) Life of the Award Scheme

The Award Scheme shall remain valid and effective for an initial term of 10 years from its date of adoption ("**Initial Term**") which shall be automatically extended by 7 successive extended terms of 10 years each ("**Subsequent Term**") unless (a) the Board decides not to continue with any new Subsequent Term; or (b) the Award Scheme is terminated early by a resolution of the Board or the Shareholders, provided that the duration of the Award Scheme shall not exceed 80 years.

(4) Maximum number of Shares available to be granted under the Award Scheme

The total number of the Shares, excluding those that would not be vested or have been forfeited ("**Lapsed Shares**"), granted and to be granted to qualified participants under the Award Scheme shall not exceed 10% of the Shares in issue from time to time. Subject to the aforesaid limit, in addition, no further grant may be made under the Award Scheme if (i) in the Initial Term, the total number of Shares (excluding Lapsed Shares) granted and to be granted pursuant to the Award Scheme exceed 3% of the Shares in issue at the time of the relevant grant; and (ii) in each Subsequent Term, the total number of Shares (excluding Lapsed Shares) granted and to be granted pursuant to the Award Scheme exceed such limit as determined by the Board from time to time for each such Subsequent Term. No further grant may be made under the Award Scheme if this will result in any of the aforesaid limits being exceeded.

(5) Maximum number of Shares allowed to be granted to any one grantee under the Award Scheme

The maximum number of Shares granted and to be granted to any one grantee (including Shares that have been vested and/or accepted and Lapsed Shares) in any 12-month period shall not exceed 0.1% of the Shares in issue from time to time.

(6) Vesting

The vesting conditions (if any) of Shares granted under the Award Scheme shall be determined by the Board in its absolute discretion at the time of grant, provided that the grantee shall accept the Shares within 6 months from the Shares becoming vested. If no acceptance is received within the stipulated period, such unaccepted vested Shares shall be forfeited.

(7) Consideration for Shares granted under the Award Scheme

The price/consideration (if any) per Share to be granted under the Award Scheme shall be determined by the Board in its absolute discretion at the time of grant and shall be payable by the grantee upon the grantee accepting the vested Shares.

(8) Operation and administration of the Award Scheme

The Board may select and grant to any qualified participant Shares under the Award Scheme for free or at a price/consideration per Share. A trust has been set up for the operation of the Award Scheme. The Board may from time to time pay to the trustee monies to enable the trustee to purchase Shares on HKSE such Shares that will be held upon trust pending the making of grants to or acceptance by qualified participants under the Award Scheme. A trustee has been appointed for the purpose of the trust and the trustee will hold and deal with the assets of the trust for the benefit of the qualified participants.

Details and movements of award shares that were granted under the Award Scheme and remained outstanding during the Financial Year are as follows:

			Number of award shares					
Grantees		Date of grant	Balance as at 1 Jan 2023	Granted during the period	Lapsed during the period	Vested during the period	Balance as at 31 Dec 2023	Consideration per award share (HKD)	Vesting date/period
1.	Directors								
	KUOK Hui Kwong	7 Jun 2021	122,000	–	–	(60,000)	62,000	Nil	7 Jun 2022 - 7 Jun 2024
		6 May 2022	636,000	–	–	(210,000)	426,000	Nil	6 May 2023 - 6 May 2025
		17 July 2023	–	1,073,000	–	–	1,073,000	Nil	17 July 2024 - 17 July 2026
	CHUA Chee Wui	7 Jun 2021	108,000	–	–	(52,000)	56,000	Nil	7 Jun 2023 - 7 Jun 2024
		6 May 2022	370,000	–	–	(122,000)	248,000	Nil	6 May 2023 - 6 May 2025
		17 July 2023	–	552,200	–	–	552,200	Nil	17 July 2024 - 17 July 2026
	LIM Beng Chee	7 Jun 2021	140,000	–	(140,000)	–	–	Nil	7 Jun 2022 - 7 Jun 2024
		6 May 2022	548,000	–	(548,000)	–	–	Nil	6 May 2023 - 6 May 2025
2.	Employees	7 Jun 2021	2,936,000	–	(264,000)	(1,410,000)	1,262,000	Nil	7 Jun 2022 - 7 Jun 2024
		15 Oct 2021	180,000	–	(46,000)	(72,000)	62,000	Nil	15 Oct 2022 - 15 Oct 2024
		6 May 2022	10,186,000	–	(1,056,000)	(3,278,000)	5,852,000	Nil	6 May 2023 - 6 May 2025
		17 July 2023	–	17,304,900	(951,500)	–	16,353,400	Nil	17 July 2024 - 17 July 2026
	Total		15,226,000	18,930,100	(3,005,500)	(5,204,000)	25,946,600		

The five individuals whose emoluments were the highest in the Group for the Financial Year include two Directors. Among the above granted award shares, those that were granted to such remaining three highest paid individuals (other than Directors) are extracted and summarised as follows:

		Number of award shares						
Grantees	Date of grant	Balance as at 1 Jan 2023	Granted during the period	Lapsed during the period	Vested during the period	Balance as at 31 Dec 2023	Consideration per award share (HKD)	Vesting date/period
Remaining three highest paid individuals	7 Jun 2021	256,000	-	(50,000)	(126,000)	80,000	Nil	7 Jun 2022 - 7 Jun 2024
	15 Oct 2021	-	-	-	-	-	Nil	15 Oct 2022 - 15 Oct 2024
	6 May 2022	944,000	-	(248,000)	(310,000)	386,000	Nil	6 May 2023 - 6 May 2025
	17 July 2023	-	816,000	(398,800)	-	417,200	Nil	17 July 2024 - 17 July 2026
Total		1,200,000	816,000	(696,800)	(436,000)	883,200		

Notes:

1. No share awards were cancelled during the Financial Year.
2. The closing price of the Shares, immediately before the awards were granted on 17 July 2023, was HKD6.37.
3. The weighted average closing price of the Shares immediately before the dates on which awards were vested during the Financial Year was HKD6.675.
4. At the beginning of 1 January 2023 and as at 31 December 2023, a maximum of respectively 85,852,751 and 69,928,151 Shares (representing 2.39% and 1.95% of the issued Shares thereby) were available for grant under the Award Scheme.

CONNECTED TRANSACTION

During the Financial Year, the Group entered into a connected transaction that is subject to the reporting requirements under Chapter 14A of the Listing Rules. Details of the transaction are as follows:

(1) On 3 February 2023, Traders Yangon Company Limited ("**Myanmar Co A**") and Traders Square Company Limited ("**Myanmar Co B**") (collectively "**Myanmar Cos**", both being non-wholly owned subsidiaries of the Company) entered into a loan agreement pursuant to which Myanmar Co A will provide the loan facility of up to USD6,000,000 ("**Loan Facility**") with annual interest rate of 5.5% to Myanmar Co B. The Loan Facility is surplus cash from Myanmar Co A and Myanmar Co B will apply the Loan Facility for meeting its working capital requirements.

KHL (Substantial Shareholder) owns more than 10% in each of the Myanmar Cos. Accordingly, the Myanmar Cos are connected persons of the Company at holding level, and the agreement as described above constitutes a connected transaction for the Company.

CONTINUING CONNECTED TRANSACTIONS

During the Financial Year, there were also continuing connected transactions for the Company in effect that are subject to the reporting requirements under Chapter 14A of the Listing Rules. Details of these transactions are as follows:

(1) On 28 January 1995, the Company entered into a disclosable and connected transaction to acquire various hotel interests from certain parties, including connected persons of the Company. Included in these hotel interests was Edsa Shangri-La, Manila ("**Edsa Hotel**") which was built on land leased from Shang Properties, Inc ("**SPI**") under a 25-year lease commencing in 1992, with an option to renew the lease for a further term of 25 years ("**Renewal Term**"). SPI agreed that, upon expiration of the Renewal Term, it would grant to Edsa Shangri-La Hotel & Resort, Inc ("**Edsa Co**", the owner of Edsa Hotel) a new lease term of 25 years subject to the prevailing Philippines laws.

On 28 August 2017, the Company announced that the lease had been renewed for another three-year term that would expire on 27 August 2020. Upon expiry of the initial three-year term and thereafter, Edsa Co has the right to decide whether the term shall be renewed for successive terms of three years each provided that the entirety of the Renewal Term shall not be longer than 25 years from 28 August 2017. The said lease was renewed on 27 August 2020 as previously announced by the Company.

On 25 August 2023, the Company announced that the said lease had been further renewed for another consecutive three-year term that would expire on 27 August 2026.

SPI is an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, SPI is a connected person of the Company at holding level, and the lease as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said lease and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates, the Company has set an annual cap for each of the following financial years:

Financial year	Annual cap (USD)
2023	2,800,000
2024	2,500,000
2025	2,600,000
2026 (for the entire year assuming the lease will be renewed upon expiry in the year)	2,700,000

For the Financial Year, the actual aggregate transaction amount with SPI under the said lease was USD1,889,000 (2022: USD1,246,000).

(2) On 2 June 2010, SLIM-HK and Shanghai Pudong Kerry City Properties Co, Limited ("**Pudong Kerry Co**", a company owned as to 23.2% by the Company, 40.8% by KPL, 16% by Allgreen Properties Limited ("**Allgreen**") and 20% by a third party) entered into a hotel management agreement pursuant to which SLIM-HK was appointed as manager to provide Hotel Management Services to Kerry Hotel Pudong, Shanghai, a hotel owned by Pudong Kerry Co. The agreement has a three-year term commencing on the date of approval of the said agreement by the Mainland China government. Upon expiry of the initial three-year term and thereafter, SLIM-HK has the right to decide whether the term shall be renewed for successive terms of three years each provided that the entire term of the agreement as renewed shall not be longer than 20 years. The said agreement was renewed on 11 June 2013, 26 January 2017 and 23 December 2019 as previously announced by the Company.

On 28 December 2022, the Company announced that the said agreement had been further renewed for another consecutive three-year term that would expire on 5 January 2026.

Pudong Kerry Co is an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Pudong Kerry Co is a connected person of the Company at holding level, and the agreement as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said agreement and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates, the Company has set an annual cap for each of the following financial years:

Financial year	Annual cap (USD)
2023	3,800,000
2024	4,200,000
2025	4,600,000

For the Financial Year, the actual aggregate transaction amount with Pudong Kerry Co was USD3,568,000 (2022: USD1,873,000). The transaction also constitutes a related party transaction in accordance with HKFRS and the amount of the transaction for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 41(b) to the Financial Statements.

(3) On 17 October 2012, SLIM-HK and Shanghai Ji Xiang Properties Co, Limited ("**Jing An Co**", a company owned as to 49% by the Company and 51% by KPL) entered into a hotel management agreement pursuant to which SLIM-HK would provide Hotel Management Services to Jing An Shangri-La, Shanghai ("**Jing An Hotel**"), a hotel owned by Jing An Co. The agreement has a 20-year term commencing on the opening date of Jing An Hotel. The Company obtained an independent financial adviser's opinion confirming that it is normal business practice for the agreement to be of such duration.

Jing An Co is a subsidiary of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Jing An Co is a connected person of the Company at holding level, and the agreement as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said agreement and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates, the annual cap set for each financial year throughout the duration of the said agreement ending 31 December 2033 is USD14,000,000.

For the Financial Year, the actual aggregate transaction amount with Jing An Co was USD5,514,000 (2022: USD2,758,000). The transaction also constitutes a related party transaction in accordance with HKFRS and the amount of the transaction for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 41(a) to the Financial Statements.

(4) On 26 June 2014, SLIM-HK and Shangri-La Hotel (Nanjing) Co, Limited (previously known as Ji Xiang Real Estate (Nanjing) Co, Limited) ("**Nanjing Co**", a company owned as to 55% by the Company and 45% by KPL) entered into a hotel management agreement pursuant to which SLIM-HK would provide Hotel Management Services to Shangri-La Nanjing ("**Nanjing Hotel**") which is owned by Nanjing Co. The said agreement has a three-year term commencing on the opening date of Nanjing Hotel. Upon expiry of the initial three-year term and thereafter, SLIM-HK has the right to decide whether the term shall be renewed for successive terms of three years each provided that the entire term of the said agreement shall not be longer than 20 years. The said agreement was renewed on 23 October 2017 and 23 October 2020 as previously announced by the Company.

On 24 October 2023, the Company announced that the said agreement had been further renewed for another consecutive three-year term that would expire on 25 October 2026.

Nanjing Co is an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Nanjing Co is a connected person of the Company at holding level, and the agreement as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said agreement and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates, the Company has set annual cap for each of the following financial years:

Financial year	Annual cap (USD)
2023	4,000,000
2024	3,400,000
2025	3,500,000
2026 (for the entire year assuming the relevant agreement will be renewed upon expiry in the year)	3,600,000

For the Financial Year, the actual aggregate transaction amount with Nanjing Co was USD2,838,000 (2022: USD1,910,000).

(5) On 17 July 2015, SLIM-HK and Ruihe Real Estate (Tangshan) Co, Limited ("**Tangshan Co**", a company owned as to 35% by the Company, 40% by KPL and 25% by Allgreen) entered into a hotel management agreement pursuant to which SLIM-HK would provide Hotel Management Services to Shangri-La Tangshan ("**Tangshan Hotel**"), a hotel owned by Tangshan Co. The agreement has a 20-year term commencing on the opening date of Tangshan Hotel. The Company obtained an independent financial adviser's opinion confirming that it is normal business practice for the agreement to be of such duration.

Tangshan Co is an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Tangshan Co is a connected person of the Company at holding level, and the agreement as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said agreement and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates, the annual cap set for each financial year throughout the duration of the said agreement ending 31 December 2035 is RMB39,000,000.

For the Financial Year, the actual aggregate transaction amount with Tangshan Co was USD899,000 (equivalent to RMB6,343,000) (2022: USD693,000 (equivalent to RMB4,683,000)). The transaction also constitutes a related party transaction in accordance with HKFRS and the amount of the transaction for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 41(b) to the Financial Statements.

(6) On 4 March 2016, SLIM-HK and SLIM-PRC entered into a hotel management agreement and a marketing services agreement, respectively, with Kerry Real Estate (Hangzhou) Co, Limited ("**Hangzhou Co**", a company owned as to 25% by the Company and 75% by KPL), pursuant to which SLIM-HK and SLIM-PRC would provide Hotel Management Services to Midtown Shangri-La, Hangzhou ("**Hangzhou Midtown Hotel**") which is owned by Hangzhou Co. Each of the said agreements has a 20-year term commencing on the opening date of Hangzhou Midtown Hotel. The Company obtained an independent financial adviser's opinion confirming that it is normal business practice for the agreements to be of such duration.

Hangzhou Co is a subsidiary of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Hangzhou Co is a connected person of the Company at holding level, and the agreements as described above constitute continuing connected transactions for the Company.

Based on the terms of the said agreements and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates, the annual cap set for each financial year throughout the duration of the said agreements ending 31 December 2036 is RMB93,000,000.

For the Financial Year, the actual aggregate transaction amount with Hangzhou Co was USD2,459,000 (equivalent to RMB17,350,000) (2022: USD1,894,000 (equivalent to RMB12,798,000)). The transactions also constitute related party transactions in accordance with HKFRS and the amount of the transactions for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 41(a) to the Financial Statements.

(7) On 24 January 2018, the Company announced that Shang Global City Properties, Inc ("**Fort Manila Co**", a company owned as to 40% by the Company and 60% by SPI) entered into hotel agreements, being (a) the marketing and reservations agreement dated 10 December 2014 (as varied) with SLIM-HK, (b) the licence agreement dated 10 December 2014 (as varied) with Shangri-La International Hotel Management Limited, incorporated in the British Virgin Islands, ("**SLIM-BVI**", a wholly owned subsidiary of the Company and the head-licensor of the intellectual property in relation to the brand of Shangri-La ("**IP**")) and (c) the licence agreement dated 10 December 2014 (as varied) with Shangri-La International Hotel Management Pte Limited ("**SLIM-SG**", a wholly owned subsidiary of the Company and the current IP sub-licensor) in relation to the provision of (i) the Hotel Management Services for Shangri-La The Fort, Manila ("**Fort Manila Hotel**", a hotel owned by Fort Manila Co), and (ii) the licence of the IP to Fort Manila Co enabling it to operate its hotel bearing the name of Shangri-La for a term which would expire on 31 December 2020.

Each of the said agreements lists the operating term which commenced on the opening date of Fort Manila Hotel (being 1 March 2016) and ended on 31 December of the first anniversary of such opening date (ie, 31 December 2017). Each of SLIM-HK, SLIM-BVI and SLIM-SG under its respective agreement has the right to decide whether the term shall be renewed for another successive three-year term (or part thereof of the remaining term) provided that the entire initial term of each agreement shall not be longer than 10 years from the opening date of the said hotel. Upon expiry of the said initial term of 10 years, the relevant parties may elect to extend the term for successive three-year terms (or part thereof) provided that the aggregate term of the renewal period shall not exceed a further 10 years. The said agreements were renewed on 31 December 2020 as previously announced by the Company.

On 12 December 2023, the Company announced that the said agreements had been renewed for the remaining initial term that would expire on 28 February 2026.

Fort Manila Co is a subsidiary of SPI, an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Fort Manila Co is a connected person of the Company at holding level, and the agreements as described above constitute continuing connected transactions for the Company.

Based on the terms of the said agreements and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates (as further revised on 12 December 2023), the Company has set an annual cap for each of the following financial years:

Financial year	Annual cap (USD)
2023	7,000,000
2024	10,000,000
2025	11,000,000
2026 (for the entire year assuming the agreements will be renewed upon expiry in the year)	12,000,000

For the Financial Year, the actual aggregate transaction amount with Fort Manila Co was USD6,116,000 (2022: USD4,086,000). The transactions also constitute related party transactions in accordance with HKFRS and the amounts of the transactions for the Financial Year are included in the receipt of hotel management, consultancy and related services and royalty fees under Note 41(b) to the Financial Statements.

(8) On 24 April 2019, SLIM-HK and SLIM-PRC entered into a hotel management agreement and a sales and marketing services agreement, respectively, with Million Fortune Development (Shenzhen) Co, Limited ("**Qianhai Co**", a company owned as to 50% by KHL, 25% by KPL and 25% by The Bank of East Asia, Limited), pursuant to which SLIM-HK and SLIM-PRC would provide Hotel Management Services to JEN Shenzhen Qianhai by Shangri-La ("**Qianhai Hotel**") which is owned by Qianhai Co. Each of the said agreements lists the initial term which commenced from the date of the agreements and ended on 31 December 2021. Thereafter, save where SLIM-HK and SLIM-PRC determine that it is not able to comply with the applicable requirements under the Listing Rules, the term of each agreement shall be renewed for successive terms of three years each provided that the entire term of the said agreements shall not be longer than 20 years.

On 28 December 2021, the Company announced that the said agreements had been renewed for another consecutive three-year term that would expire on 31 December 2024.

Qianhai Co is an associate of KHL (Substantial Shareholder). Accordingly, Qianhai Co is a connected person of the Company at holding level, and the agreements as described above constitute continuing connected transactions for the Company.

Based on the terms of the said agreements and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates, the Company has set annual cap for each of the following financial years:

Financial year	Annual cap (RMB)
2023	20,000,000
2024	27,800,000

For the Financial Year, the actual aggregate transaction amount with Qianhai Co was USD953,000 (equivalent to RMB6,724,000) (2022: Nil, as the Qianhai Hotel had yet to commence business in 2022). The transactions also constitute related party transactions in accordance with HKFRS and the amount of the transactions for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 41(a) to the Financial Statements.

(9) SLIM-HK and Beijing Kerry Hotel Co, Limited ("**Beijing Co**", a company owned as to 23.75% by the Company, 71.25% by KPL and 5% by Beijing Beiao Group Corp, Limited) entered into a management and marketing services agreement pursuant to which SLIM-HK managed and operated Kerry Hotel, Beijing ("**Beijing Kerry Hotel**") which is owned by Beijing Co. Such agreement expired on 27 August 2019.

On 26 August 2019, SLIM-HK and SLIM-PRC entered into a hotel management agreement and a marketing and training services agreement, respectively, with Beijing Co, pursuant to which SLIM-HK and SLIM-PRC would continue to provide Hotel Management Services to Beijing Kerry Hotel. Each of the said agreements has a 20-year term commencing on 28 August 2019. The Company obtained an independent financial adviser's opinion confirming that it is normal business practice for the agreements to be of such duration.

Beijing Co is an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Beijing Co is a connected person of the Company at holding level, and the agreements as described above constitute continuing connected transactions for the Company.

Based on the terms of the said agreements and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates, the annual cap set for each financial year up to expiry is RMB110,000,000.

For the Financial Year, the actual aggregate transaction amount with Beijing Co was USD3,638,000 (equivalent to RMB25,669,000) (2022: USD1,364,000 (equivalent to RMB9,217,000)). The transactions also constitute related party transactions in accordance with HKFRS and the amount of the transactions for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 41(a) to the Financial Statements.

(10) Shangri-La International Hotel Management Pte Limited ("**SLIM-SG**", a wholly owned subsidiary of the Company) and Cuscaden Properties Pte Limited ("**Cuscaden Co**", a company owned as to 44.6% by the Company and 55.4% by Allgreen) entered into a management agreement and a marketing and reservations agreement pursuant to which SLIM-SG managed and operated JEN Singapore Tanglin by Shangri-La ("**Singapore Tanglin Hotel**") which is owned by Cuscaden Co. Such agreements expired on 31 March 2021.

On 8 March 2021, SLIM-SG and Cuscaden Co entered into a hotel management agreement, pursuant to which SLIM-SG would continue to provide Hotel Management Services to Singapore Tanglin Hotel. The agreement has a three-year term which commenced on 1 April 2021. Upon expiry of the initial three-year term and thereafter, save where SLIM-SG determines that it is not able to comply with the applicable requirements under the Listing Rules, the term shall be renewed for successive terms of three-year periods each provided that the entire term of the said agreement shall not be longer than 9 years.

Cuscaden Co is a subsidiary of Allgreen which in turn is an associate of KHL (Substantial Shareholder). Accordingly, Cuscaden Co is a connected person of the Company at holding level, and the agreement as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said agreement and the expected occupancy of the hotel, taking into account possible inflation and fluctuation in currency exchange rates, as well as a buffer for reasonable increases in occupancy and room rates, the Company has set an annual cap for each of the following financial years:

Financial year	Annual cap (USD)
2023	4,400,000
2024 (for the entire year assuming the relevant agreement will be renewed upon expiry in the year)	4,500,000

For the Financial Year, the actual aggregate transaction amount with Cuscaden Co was USD3,426,000 (2022: USD1,866,000). The transaction also constitutes a related party transaction in accordance with HKFRS and the amount of the transaction for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 41(b) to the Financial Statements.

The continuing connected transactions mentioned in (1) to (10) (collectively, "**Disclosed Continuing Connected Transactions**") above have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that the transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

3. in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the Auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has reported its findings on the Disclosed Continuing Connected Transactions to the Board stating that:

1. nothing has come to its attention that causes it to believe that the Disclosed Continuing Connected Transactions have not been approved by the Board.

2. for the Disclosed Continuing Connected Transactions involving the provisions of goods and services by the Group, nothing has come to its attention that causes it to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

3. nothing has come to its attention that causes it to believe that the Disclosed Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

4. with respect to the aggregate amount of each of the Disclosed Continuing Connected Transactions, nothing has come to its attention that causes it to believe that the transactions have exceeded the annual cap as set by the Company.

On behalf of the Board

KUOK Hui Kwong
Chairman

Hong Kong, 22 March 2024

04

Corporate Governance Report

The Company recognises the importance of transparency in governance and accountability to Shareholders and that Shareholders benefit from good corporate governance. The Company reviews its corporate governance framework on an ongoing basis to ensure compliance with best practices.

DIRECTORS HANDBOOK AND CORPORATE GOVERNANCE FUNCTIONS

Directors Handbook

The Board has adopted a composite handbook ("**Directors Handbook**") comprising the Securities Principles and the CG Principles, whose terms align with or are stricter than the requirements set out in the Securities Model Code and the CG Model Code, save for the provision in the Directors Handbook that the positions of the Chairman and the CEO may be served by the same person. The Directors Handbook serves as a comprehensive guidebook for all Directors.

The Directors Handbook incorporates (amongst other things):

(1) Securities Principles

- (a) restrictions on Directors' dealings in relation to the Company's securities;
- (b) the Directors' obligations and the board procedures for mandatory notification to and acknowledgement from the Company prior to any deemed dealings of Directors and required notification to the Company subsequent to such dealings;
- (c) the requirements of the Directors' mandatory filing with relevant regulatory bodies of their deemed dealings; and
- (d) extended application of the Securities Principles to non-Directors.

(2) CG Principles

- (a) the terms of the operation of the Board including the obligations of each Director;
- (b) the establishment of each Board committee, including the terms of reference of and/or the policy for each such committee;
- (c) the terms of the corporate governance functions;
- (d) the rights of each Director (including members of any Board committee) for and/or the procedures for independent access to the Group's information and professional advice;
- (e) the written procedures resolved by the Board for Shareholders to exercise certain rights in the Company; and
- (f) the references to and/or the summary of various important regulatory rules and the Company's corporate policies that the Directors are obliged to strictly observe.

The Directors Handbook is updated and revised from time to time where necessary to, amongst other things, (a) align with relevant mandatory requirements under the Listing Rules and/or any other governing rules, and (b) incorporate any corporate governance terms that the Board considers necessary for better corporate governance of the Company. Any change to the terms of the Securities Principles and the CG Principles shall be determined and approved by the Board.

Code on Securities Transactions

The Company has made specific enquiry of each of the Directors, and all the Directors have confirmed compliance with the Securities Principles throughout the Financial Year.

The Securities Principles also apply to certain employees ("**Relevant Employees**") in respect of their dealings in the securities of the Company for the Financial Year. The code with which the Relevant Employees are obliged to comply is similar to that with which the Directors are obliged to comply except that the Relevant Employees are not required to fulfil the public filing requirement.

Code on Corporate Governance

The Company has complied with the CG Model Code throughout the Financial Year.

Corporate Governance Functions

Under the CG Principles, the Audit & Risk Committee has the delegated responsibility to oversee, monitor and observe the terms of the Company's corporate governance functions which include the following major duties:

(1) to review the Company's policies and practices on corporate governance and to make recommendations to the Board;

(2) to review and monitor the training and continuous professional development of Directors and senior management;

(3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(4) to review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the members of the Group;

(5) to review the Company's compliance with the relevant code and disclosure requirements in relation to corporate governance in accordance with the Listing Rules;

(6) to review the Directors Handbook from time to time to ensure the Directors Handbook has sufficiently covered the corporate governance matters that the Board and the Company are required to observe under the Listing Rules; and

(7) to monitor whether the terms set out in the Directors Handbook are duly observed and complied with.

The Audit & Risk Committee has duly performed its duties relating to the corporate governance functions and it is not aware of any terms of corporate governance being violated during the Financial Year.

BOARD

The Board is accountable to Shareholders for leading the Group in a responsible and effective manner.

The list of the members of the Board and their designations during the Financial Year and up to the date of the Annual Report has been set out in the Directors' Report.

Members, Meetings Held and Attendance

During the Financial Year, the Board held four board meetings. The Directors during the Financial Year, along with the attendance of each of them at the meetings, are as follows:

Name of Director	Meetings attended/ eligible to attend
Executive Directors	
KUOK Hui Kwong	4/4
CHUA Chee Wui	4/4
Non-executive Director	
LIM Beng Chee	4/4
Independent Non-executive Directors	
LI Kwok Cheung Arthur	3/4
YAP Chee Keong	4/4
LI Xiaodong Forrest	4/4
ZHUANG Chenchao	4/4
KHOO Shulamite N K	3/4

Other than the above full Board meetings, the Chairman also held four meetings in 2023 with the Independent Non-executive Directors without the presence of the other Directors. The attendance of the Directors at the meeting was as follows:

Name of Director	Attendance
Chairman	
KUOK Hui Kwong	4/4
Independent Non-executive Directors	
LI Kwok Cheung Arthur	3/4
YAP Chee Keong	4/4
LI Xiaodong Forrest	4/4
ZHUANG Chenchao	4/4
KHOO Shulamite N K	3/4

The relationship between members of the Board, if any, is set out in the section entitled "Board of Directors, Company Secretary and Senior Management" in the Annual Report.

Term of Appointment of Directors

Each Director shall be subject to terms of retirement, but shall be eligible for re-election, in accordance with the Bye-Laws, the Listing Rules and the Company's nomination policy, in particular:

(1) any Director who was newly appointed by the Board or by the Shareholders in a general meeting to fill a casual vacancy, or as an addition to the Board, shall retire from office at the next general meeting of the Company;

(2) every Director shall retire from office by rotation no later than the third annual general meeting after he was last elected or re-elected; and

(3) at each annual general meeting, not less than one-third (or otherwise the number nearest one-third) of the Directors for the time being shall retire from office by rotation.

Accordingly, the term of appointment of each Director is effectively not more than approximately three years.

Directors' Training

The Directors participate in continuous professional development to enhance and refresh their skills and knowledge for their role as Directors. The Company also organises presentations and training sessions and circulates reading materials that help update Directors on the latest corporate governance and regulatory/legal issues as well as other current topics (including the Group's business developments/operations). In addition to these activities, some Directors also attend external training sessions and presentations.

A summary of each current Director's professional development initiatives during the Financial Year is set out below:

	Category of training topics	
	Risk Management, Regulatory and Corporate Governance	**Others**
Executive Directors		
KUOK Hui Kwong	✓	–
CHUA Chee Wui	✓	–
Non-executive Director		
LIM Beng Chee	✓	–
Independent Non-executive Directors		
LI Kwok Cheung Arthur	✓	–
YAP Chee Keong	✓	–
LI Xiaodong Forrest	✓	–
ZHUANG Chenchao	✓	–
KHOO Shulamite N K	✓	–

Independent Views and Input to the Board

During the Financial Year, five of the members of the Board (representing 62.5%) were Independent Non-executive Directors. The strong independent element on the Board supports effective exercise of independent judgement.

Initiatives have been introduced by Chairman to facilitate effective contribution of Directors. In addition to the four regular board meetings during the Financial Year, Chairman also held four meetings with the Independent Non-executive Directors (without the presence of Executive Directors and Senior Management) whereby they could have sufficient time to share their constructive and independent views and raise any concerns.

The Directors Handbook incorporates the terms and guidelines for Directors or members of Board Committees to seek independent professional advice whenever necessary for the purposes of fulfilling their duties.

Mechanisms are therefore in place to ensure independent views and input are available to the Board.

EXECUTIVE COMMITTEE

The Executive Committee was established by the Board on 21 June 1993. The Executive Committee is delegated with the power and authority to oversee the Group's ordinary business, transactions and development. The Executive Committee's written terms of reference include its defined powers and duties, except that the following matters are explicitly reserved for the Board for decision:

(1) constitution and share capital;

(2) corporate objectives and strategy;

(3) corporate policies relating to securities transactions by Directors and senior management;

(4) interim and annual results;

(5) significant investments;

(6) major financings, borrowings and guarantees other than those of ordinary terms and for the ordinary operations or for general working capital requirements of the Group;

(7) corporate governance and internal controls;

(8) risk management;

(9) major acquisitions and disposals;

(10) material contracts;

(11) Board members and Auditor; and

(12) any other significant matters that will affect the operations of the Group as a whole.

Members, Meetings Held and Attendance

During the Financial Year, the majority of the Executive Committee's material decisions were recorded by written resolutions. The members of the Executive Committee during the Financial Year and up to the date of the Annual Report were as follows:

Member	Board capacity during committee membership
KUOK Hui Kwong *(chairman)*	ED & Chairman
CHUA Chee Wui	ED, Group CFO & Group CIO

NOMINATION COMMITTEE

The Nomination Committee was established by the Board on 19 March 2012. The Nomination Committee, amongst other things, considers any proposed change to members or composition of the Board and/or evaluates the performance of Directors in accordance with the Company's nomination policy. The written terms of reference of the Nomination Committee include the following major duties:

(1) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(2) to identify individuals suitably qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;

(3) to assess the independence of each newly proposed Independent Non-executive Director and the existing Independent Non-executive Director on an annual basis or as and when the Nomination Committee considers necessary;

(4) to evaluate/assess the performance and/or contribution of each Director who is considered or proposed to be elected or re-elected as a Director;

(5) to make recommendations to the Board on the proposed appointment, designation, election or re-election of Directors and succession planning for Directors, in particular the Chairman and the CEO;

(6) to make recommendations to the Board on any proposed removal of Directors;

(7) to provide opinions on any proposed election or re-election of persons as Independent Non-executive Directors at general meetings of the Company and to provide reasons why they consider the nominated persons to be independent;

(8) if a Director has been serving the Board as an Independent Non-executive Director for more than nine years and will make himself available for re-election at a general meeting of the Company, to consider if such Director remains independent and suitable to continue to act as an Independent Non-executive Director and to make recommendations to the Board accordingly; and

(9) to observe the terms of the Company's nomination policy and to make recommendations to the Board on the nomination policy.

The latest full version of the terms of reference of the Nomination Committee has been posted on the Company's corporate website.

Members, Meetings Held and Attendance

During the Financial Year, the majority of the Nomination Committee's material decisions were recorded by written resolutions. The members of the Nomination Committee during the Financial Year and up to the date of the Annual Report were as follows:

Member	**Board capacity during committee membership**
KUOK Hui Kwong *(chairman)*	ED & Chairman
LI Kwok Cheung Arthur	INED
LI Xiaodong Forrest	INED
KHOO Shulamite N K	INED

During the Financial Year, the work performed by the Nomination Committee included:

(i) For the purpose of re-election of the retiring Directors at the 2023 annual general meeting of the Company, the Nomination Committee:

- assessed and confirmed the independence of all Independent Non-executive Directors;
- evaluated and confirmed the contribution of each of the retiring Directors who offered themselves for re-election; and
- recommended to the Board to propose the re-election of each of the retiring Directors who offered themselves for re-election at the 2023 annual general meeting of the Company.

(ii) The Nomination Committee has, on an annual and regular basis, assessed the Board's composition and the Directors' particulars against the parameters set in the nomination policy (including board size, board diversity policy, skills/knowledge/experience, Directors' performance review) and recommended that the structure, size, diversity, and composition of the Board was satisfactory.

Nomination Policy

The terms of the nomination policy of the Company in effect during the Financial Year were as follows:

(1) the total number of Directors (excluding their alternates) shall not exceed 20, with at least three Independent Non-executive Directors and at least one-third of the Board members being Independent Non-executive Directors;

(2) the Board shall be composed of members with mixed skills and experience, with appropriate qualifications necessary to accomplish the Group's business development, strategies, operation, challenges and opportunities;

(3) each new Director shall complement the existing Board composition to ensure that there is an appropriate mix of Directors with different abilities and experiences; shall have the required skills, knowledge and expertise to add value to the Board; and shall be able to commit the necessary time to the position;

(4) each Independent Non-executive Director shall meet the mandatory qualification requirements as set out in the Listing Rules from time to time;

(5) the Board shall observe the board diversity policy and shall, subject to merit and suitability, continue in its endeavours to introduce more diversity into the Board, including diversity of age, culture, gender, expertise, professional background and geographical experience;

(6) the Board shall have the primary responsibility for identifying appropriate candidates to act as new members of the Board;

(7) Shareholders may also propose candidates for election as a Director provided that the proposal follows the procedures posted on the Company's corporate website;

(8) each proposed new appointment, election or re-election of a Director shall be evaluated, assessed and/or considered against the criteria and qualifications set out in the Company's nomination policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination; and

(9) each removal of a Director shall also be considered by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

Board Diversity Policy

The Board recognises and believes in the value of diversity across the Group, both at employee level as well as at the board level, but always underpinned by meritocracy. At board level, the Board continues to bear in mind these aspirational values in considering the composition of the Board and, subject to merit and suitability, continues in its endeavours to introduce more diversity into the Board, including diversity of age, culture, gender, expertise, professional background, and geographical experience.

In respect of gender diversity, the Board comprises 2 female directors (representing 25% of the Board members) and 6 male directors (representing 75% of the Board members) which exceeds the requirements of HKSE to appoint at least one director of a different gender on the board.

With delegation by the Board, the Nomination Committee has reviewed and was satisfied with the diversity of the Board.

REMUNERATION & HUMAN CAPITAL COMMITTEE

The Remuneration Committee was established by the Board on 17 October 1997 and was re-designated as the Remuneration & Human Capital Committee with effect from 28 May 2021. The Remuneration & Human Capital Committee is, amongst other things, delegated with responsibility to review, endorse and/or approve the remuneration of each Director and the Senior Management in accordance with the Company's remuneration policy for Directors and Senior Management. The written terms of reference of the Remuneration & Human Capital Committee include the following major duties:

(1) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy;

(2) to determine the remuneration packages of individual Executive Directors and Senior Management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, taking into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;

(3) to make recommendations to the Board on the Directors' fees and the fees for members of each committee of the Board;

(4) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(5) to review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(6) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are reasonable and appropriate;

(7) to advise on and review the development and implementation of the Company's human capital and resources strategy and policies relating (but not limited) to recruitment, retention, promotion, termination, training, talent development and building a pipeline of future leaders; and

(8) to review and recommend diversity policies and strategy to the Company to achieve an inclusive and diverse workforce as appropriate for the business strategy.

The latest full version of the Remuneration & Human Capital Committee's terms of reference has been posted on the Company's corporate website.

Members, Meetings Held and Attendance

During the Financial Year, the Remuneration & Human Capital Committee held four meetings. The members of the Remuneration & Human Capital Committee during the Financial Year and up to the date of the Annual Report and the attendance of each of them at the meetings held during the Financial Year are as follows:

Member	Board capacity during committee membership	Meetings attended/eligible to attend
KHOO Shulamite N K *(chairman)*	INED	4/4
KUOK Hui Kwong	ED & Chairman	4/4
LI Kwok Cheung Arthur	INED	4/4
YAP Chee Keong	INED	4/4

During the Financial Year, the work performed by the Remuneration & Human Capital Committee included:

(i) assessing the performance of the Executive Directors and Senior Management in the context of the financial and non-financial performance of the individuals and the Group and its development strategy in the medium to long term;

(ii) approving the terms of remuneration and/or bonus of the Executive Directors and Senior Management (including the annual salary review), having considered the financial results of the Group, its growth plans, the competitive environment among relevant comparator companies for obtaining competent management talents, and the need to adequately reward outstanding performances;

(iii) recommending to the Board the fees payable to the Non-executive Directors and the members of the Board committees;

(iv) considering and approving grants of share awards under the Company's share award scheme to qualified participants;

(v) reviewing the Group's human capital initiatives, leadership development programmes, Group remuneration policy and succession planning; and

(vi) reviewing the Group's organisation structure.

Remuneration Policy for Executive Directors and Senior Management

The Remuneration & Human Capital Committee has the delegated responsibility to determine the remuneration packages of the individual Executive Directors and the Senior Management.

The remuneration for the Executive Directors and Senior Management comprises salary, discretionary bonus, short-term and long-term incentives, and benefits such as medical and life insurance, pensions and/or housing, and home leave airtickets for expatriate Executive Directors and expatriate Senior Management.

Salaries are reviewed annually. Salary increases of Executive Directors and Senior Management are made where the Remuneration & Human Capital Committee believes that adjustments are appropriate to reflect performance, contribution, increased responsibilities and/or by reference to market/sector trends.

In addition to salary, Executive Directors and Senior Management are eligible to receive a discretionary bonus the amount of which shall be reviewed and approved by the Remuneration & Human Capital Committee which shall take into consideration factors such as market conditions as well as corporate and individual performances.

In order to attract, retain and motivate executives and key employees serving any member of the Group, Directors and Senior Management are also eligible to participate in the Company's share award scheme. The grant of share awards to Directors and/or Senior Management and the terms thereto shall be approved by the Remuneration & Human Capital Committee.

Remuneration of Directors and Senior Management

The Non-executive Directors (including Independent Non-executive Directors) and the members of the Board committees (other than Executive Directors) were entitled to annual fees that were approved by Shareholders at the annual general meeting prior to payment. Such annual fees are determined with reference to the level of fees payable by listed companies in Hong Kong, Singapore or other relevant and comparable markets where applicable, and the respective level of responsibilities, skills and commitments required of the Non-executive Directors. The amount of annual fees for the Financial Year and the previous year are as follows:

Annual fee	**Amount (HKD)**		
	2023	2022	
As NED/INED	**400,000**	280,000	per year of directorship
As Nomination Committee chairman/member	**100,000/75,000**	60,000/60,000	per year of chairmanship/ membership
As Remuneration & Human Capital Committee chairman/member	**200,000/90,000**	60,000/60,000	per year of chairmanship/ membership
As Audit & Risk Committee chairman/member	**335,000/200,000**	230,000/200,000	per year of chairmanship/ membership

Details of the remuneration paid to each of the Directors for the Financial Year and the previous year are set out in Note 32 to the Financial Statements.

The remuneration (including bonus, allowances and other benefits) paid to Senior Management (which included certain Executive Directors) for the Financial Year are set out below (by band):

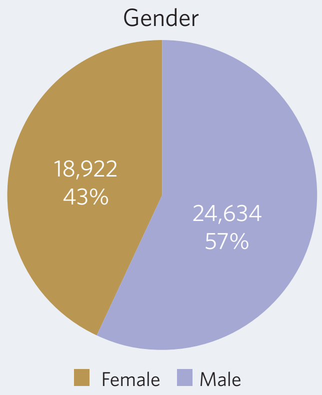
Range of remuneration (HKD)	**Number of members of Senior Management**
4,000,001 to 6,000,000	1
8,000,001 to 10,000,000	1
12,000,001 to 14,000,000	2
20,000,001 to 22,000,000	1
	5

Diversity and Inclusion in Workforce

The Company strives to ensure that our workplaces are free from discrimination with respect to gender, race, ethnicity, religion, nationality, disability, marital or family status, sexual orientation, or any other personal characteristics. In accordance with the Company's policy on Equal Opportunity and Respect, employment decisions are made based on merit and all colleagues are expected to treat each other with courtesy, consideration, and respect. The Company is also committed to making reasonable accommodations in the workplace for religious observances.

Gender ratio of the workforce (including Senior Management) as at Year End are set out below and details of the Company's diversity across the workforce are set out in the Sustainability Report.

Gender ratio of the workforce (including Senior Management) as at Year End



AUDIT & RISK COMMITTEE

The Audit & Risk Committee was established by the Board on 25 August 1998. The Audit & Risk Committee shall, amongst other things, supervise the financial reporting and the internal controls within the Group. The written terms of reference of the Audit & Risk Committee include the following major duties:

(1) to make recommendations to the Board on the appointment, re-appointment and removal of the Auditor, to approve the remuneration and terms of engagement of the Auditor, and to consider any questions of its resignation or dismissal;

(2) to review and monitor the Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(3) to review and monitor the integrity of the Company's interim and annual financial statements, reports and accounts, and to review significant financial reporting judgements contained therein, before submission to the Board;

(4) to review the Company's financial controls, risk management and internal control systems;

(5) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;

(6) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(7) to review the internal audit programme to ensure co-ordination between the internal and the external auditors, and to review and monitor its effectiveness;

(8) to review the Group's financial and accounting policies and practices;

(9) to report to the Board on the matters set out in the terms of reference and, in particular, the matters required to be performed by the Audit & Risk Committee under the Listing Rules;

(10) to review whistleblowing policies or arrangements established for employees of and/or those who deal with the Group who may, in confidence, raise concerns about possible improprieties in financial reporting, internal controls or other matters;

(11) to oversee, monitor and observe the Company's corporate governance matters; and

(12) to oversee, monitor and observe the Company's ESG strategies, framework, policies, targets, standards and practices.

The latest full version of the terms of reference of the Audit & Risk Committee has been posted on the Company's corporate website.

The whistleblowing and whistleblower protection policy (for external users) has also been posted on the Company's corporate website for external users' use.

Members, Meetings Held and Attendance

During the Financial Year, the Audit & Risk Committee held four meetings. The members of the Audit & Risk Committee during the Financial Year and up to the date of the Annual Report and the attendance of each of them at the meetings held during the Financial Year are as follows:

Member	Board capacity during committee membership	Meetings attended/eligible to attend
YAP Chee Keong *(chairman)*	INED	4/4
LI Kwok Cheung Arthur	INED	3/4
KHOO Shulamite N K	INED	4/4

During the Financial Year, the work performed by the Audit & Risk Committee included:

(i) reviewing the Group's financial controls, internal controls and risk management systems;

(ii) overseeing and supervising the internal audit functions and programmes of the Group;

(iii) reviewing the financial and accounting policies and practices of the Group;

(iv) verifying and confirming the Auditor's independence and objectivity;

(v) making recommendations on the remuneration payable to the Auditor for the Financial Year and the re-appointment of the Auditor;

(vi) reviewing financial and audit issues with the Auditor;

(vii) reviewing interim and annual financial statements for approval by the Board;

(viii) reviewing the reports issued by the Group's internal audit and risk management teams and discussing the same with the Group's management;

(ix) reviewing significant legal matters and litigation cases of the Group;

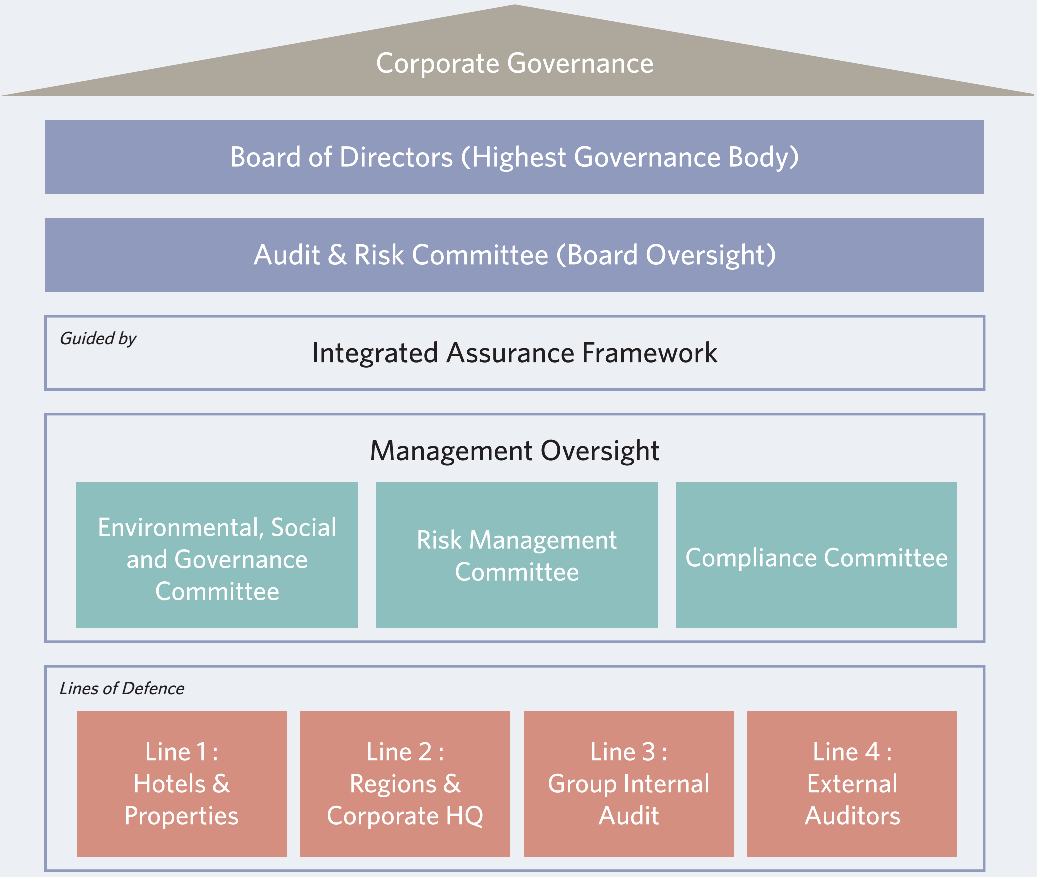
(x) reviewing connected transactions and continuing connected transactions involving the Group; and

(xi) overseeing the Company's corporate governance functions with reference to the Company's terms of reference for such corporate governance functions.

The Audit & Risk Committee was satisfied with its review for the Financial Year and concluded that no material issues were identified that needed to be brought to the particular attention of the Board or the Shareholders.

MANAGEMENT COMMITTEES

Management committees have been set up to oversee the implementation of corporate governance in our daily business. There are three management committees in our Group, namely the Environmental, Social and Governance Committee, the Risk Management Committee and the Compliance Committee. Each committee oversees a crucial area in corporate governance and has its own charter or terms of reference. The conclusions from these committees are regularly reported to the Board via the Audit & Risk Committee, and they assist the Board to evaluate the effectiveness of systems in place in each respective area of governance.



RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

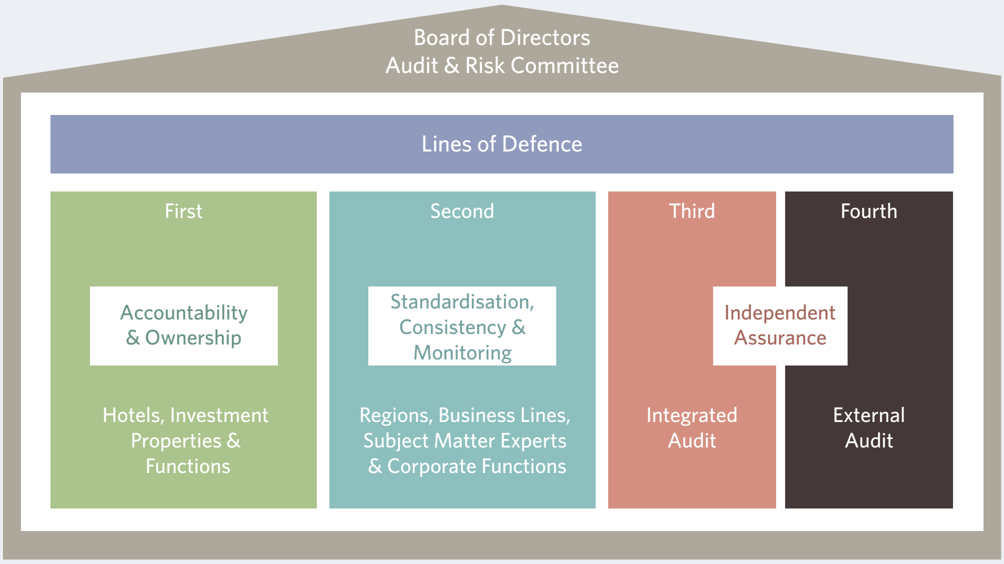
Risk Management

A high standard of corporate governance is vital in safeguarding long-term shareholder value. The Board is committed to maintaining a sound and effective risk management and internal control system as the cornerstone for good corporate governance.

The Board has overall responsibility for risk governance and the effectiveness of internal controls in the Group's business. The Audit & Risk Committee ("**ARC**") assists the Board in overseeing the Group's audit and risk management processes and assessing the adequacy and effectiveness of the Group's risk management system including the underlying framework and processes for identification and management of material risks.

The ARC reports to the Board on material matters, findings and recommendations pertaining to risk management. In addition, the ARC reviews the effectiveness of the Group's internal control and compliance systems on an ongoing basis as required by the Corporate Governance Code released by the HKEX and in accordance with the risk appetite defined by the Board. The review covers all material controls, including financial, operational and compliance controls.

Management is responsible for the effective execution of the risk management strategy as endorsed by the Board, by implementing policies and processes to facilitate the achievement of business plans and goals. Management also ensures that key risks are proactively identified, addressed by taking appropriate actions and monitored on an ongoing basis. The Risk Management Committee, attended by executives from key functions, meets quarterly to review the Group's risk profile, to ensure risk mitigation plans are in place and appropriate, and to monitor their effectiveness.



Shangri-La's Integrated Assurance Framework ("IAF")

Since 2018, we have progressively implemented an integrated assurance framework to provide a more holistic and robust basis of assurance on the adequacy and effectiveness of our risk management and internal control systems. The framework identifies risks from two perspectives: a top-down view on our strategic and group-wide risks, and a bottom-up approach to recognise and aggregate risks at each region, property and business unit.

A 5-step approach is embedded within the IAF to establish a structured risk management process throughout the organisation. It is important to note that the IAF is designed to manage rather than eliminate all potential risks of failure in achieving business objectives, and is aimed at providing reasonable, instead of absolute, assurance against material risks.

1. Risk Identification

- Identify risks that may hinder the achievement of business objectives

2. Risk Assessment / Prioritisation

- Analyse and prioritise risks based on their likelihood of occurrence and potential consequences

3. Risk Treatments

- Consider and determine risk treatments including:
  -Mitigation (Internal controls)
  -Transfer (Insurance)
  -Acceptance (Do nothing)
  -Avoidance (Terminate)

4. Monitoring

- Perform assurance activities including:
  -Management self-assessments
  -Audits conducted by Group Internal Audit

5. Reporting

- Report and review trends and residual risks through analysis of management reports, incident reporting and IAF dashboards

Adopting the key concept of IAF, the Group has structured its risk management governance into four lines of defence with the following roles and responsibilities:

- The first line of defence is where the hotels and properties are empowered to manage day-to-day operational risks of their businesses. Hotel and property general managers, together with their executive committees, are collectively responsible to regional leaders in the management of risks at the local level and the compliance with Group-wide policies and procedures. They are required to report to their respective regional headquarters and corporate headquarters on material changes in risk exposure and deviations from existing controls, if any, on an ongoing basis.

- The second line of defence comprises the regional and corporate headquarters divisions and functions. Their primary responsibility is to formulate policies and procedures which are in line with the Group's strategy. Corporate headquarters divisions ensure the standardisation and consistency of policies and procedures and the effective monitoring of their compliance across the regions, hotels and properties. Regional headquarters assist corporate headquarters in ensuring that hotels and properties implement and comply with the Group's global strategies, policies, programmes and initiatives. The respective heads of corporate functions are appointed as risk owners of the Group's key risks. These risk owners are responsible for ensuring that the key risks identified by the Group are being managed and monitored effectively.

- The third line of defence is formed by the Group's internal audit department ("**GIA Department**"). The GIA Department carries out independent integrated audits and reports the results to the ARC. The GIA Department is responsible for assessing the robustness of the controls maintained by the first and second lines of defence, as well as making recommendations to Senior Management and the ARC to improve the overall effectiveness of internal controls. In addition, the GIA Department also administers the enterprise risk management function by facilitating the progressive implementation of the IAF and the 5-step risk management methodology across the Group.

- The fourth line of defence is the Group's external auditors. The Group's external auditor reports the results of the statutory audit and provides an independent view on the status of the internal controls of the Group to the ARC. From time to time, external professionals are engaged to perform system penetration tests, food safety audits, and other assurance and advisory services.

- Beyond the four lines of defence, the Board remains ultimately responsible for the adequacy and effectiveness of risk management and internal control systems. The Board, through the ARC provides guidance to management to define the risk appetite and tolerance of the Group and to ensure that the Group's risk management and internal controls are aligned with its strategy. The Board considers the work, findings and advice of the ARC in forming its own view on the effectiveness of the respective systems. The ARC members report to the Board of Directors in the quarterly Board meetings.

- The CFO has also been appointed as the Company's chief risk officer. In that role, he oversees the risk management and governance process, reviews regularly the risk profile of the Group and ensures that all risks faced by the Company are properly identified.

Policies and Guidelines

Throughout 2023, key corporate policies, manuals, procedural guidelines and delegation of authority have been periodically reviewed to ensure the relevance, adequacy and effectiveness of controls deployed throughout the Group, including our Headquarters, regional offices, hotels and properties that are owned and/or managed. These policies and guidelines are communicated to relevant parties via electronic circulars and are accessible via the Group's Intranet. In addition, the respective HQ divisions and functions conduct periodic audits to ensure compliance at the region and hotel levels. Audit findings and best practices identified are shared as lessons learnt and for performance management.

Code of Conduct and Ethics

- The Group maintains a Code of Conduct and Ethics ("**Code**") which underpins the values and principles in which the Company conducts its business. The Code sets high standards of integrity and ethical behaviour required of all officers, employees and directors of the Group, its subsidiaries, business units and controlled affiliates, as well as employees of properties managed by the Group. Key areas covered by the Code include Protection of Group Assets, Conflict of Interest, Preventing of Bribery and Corruption, Privacy and Data Protection, etc. All employees have been provided with a copy of the Code during onboarding and are required to confirm compliance with the Code.

- In particular, the section "Protecting Confidential Information" requires that employees maintain and protect the confidentiality of all non-public information relating to the Group's affairs ("**Confidential Information**"). Employees must not disclose Confidential Information to outside parties unless authorised to do so by the Group or unless such disclosure is required by law. Employees should not use Confidential Information for any other purpose other than work-related matters. Employees must at all times take reasonable precaution to safeguard inadvertent disclosure of Confidential Information.

- The Compliance Committee, chaired by CFO, oversees the implementation of the Group's Code of Conduct & Ethics and other relevant policies. Members of the Committee include senior management and leadership of related functions. The Committee meets on a monthly basis covering potential compliance matters related to four workstreams – whistleblowing, grievances, fraud and litigation. These workstreams have been set up to handle compliance cases based on their nature. Material matters arising are reported regularly to the ARC.

Handling and Dissemination of Inside Information

- In addition to the aforementioned "Protecting Confidential Information" section in the Code of Conduct and Ethics, the Group has standard procedures to handle the reporting of financial and operating performance to its shareholders, the issuing of public announcements and addressing the inquiries of its Shareholders and investors. These procedures are detailed under the heading "Shareholder and Investor Communications" in this report.

- Moreover, Directors and relevant executives of the Group are required to observe the Securities Principles. The Board has adopted a Directors Handbook which contains key responsibilities and legal obligations under the Listing Rules and the SFO. Directors are reminded to take reasonable measures to ensure that proper safeguards exist to prevent any breach of applicable rules.

Whistleblowing Policy

The Whistleblowing Policy is administered by the GIA Department. The Group has posted on the Group's corporate website a Whistleblowing and Whistleblower Protection Policy which aims to:

- encourage business associates and employees to report suspected wrongdoings as soon as possible with the confidence that their concerns will be taken seriously and investigated as appropriate, and that their confidentially will be respected;

- provide avenues for business associates and employees to raise concerns and define a way to handle these concerns;

- enable the Group's management to be informed at an early stage about alleged acts of misconduct;

- reassure business associates and employees that they can raise genuine concerns in good faith without fear of reprisals, even if they turn out to be mistaken;

- help develop a culture of openness, accountability and integrity;
- ensure all reported cases will be properly documented. The documentation includes results of the initial assessment, details and procedures of the investigation undertaken (if any) and the conclusion as well as the final actions taken; and
- ensure all reported cases will be forwarded to the Chief Auditor who is also the Head of the GIA Department for investigation. A working committee comprising CEO, CFO/CIO, COO, Regional CEOs, CHRO, General Counsel and the Chief Auditor will review the investigation process and outcome. The working committee will provide a quarterly summary of all reported cases and their investigation results to the ARC.

Key Risks & Focus Areas

The key risks of the Group are monitored and reviewed on an ongoing basis. As we progressed into the post-pandemic era, we recognised the importance of aligning our risk profiles with the latest business landscape and to complement our strategic business needs. In 2023, a series of workshops were conducted for our hotel, regional and headquarter senior management. The participants undertook a refresher training on IAF methodology and its application, followed by a collective risk assessment and prioritisation exercise to refresh the Group and Regional risk profiles.

The following have been identified as key risks for the Group in its latest risk profile:

Risk Category	Risk Title	Risk Description
Strategic	Investment & Asset Management*	Inappropriate management decisions over investments, asset enhancements and divestments.
Technological	Cybersecurity*	Cyberattacks, unauthorised access, or data breaches from IT infrastructure and systems may compromise operations and violate data privacy laws.
Financial	Interest Rates	Financial impact caused by unfavourable interest rate movements.
	Foreign Exchange	Financial impact caused by unfavourable foreign exchange rate movements.
Operational	Food Safety*	Foodborne illness incidents attributing to inappropriate preparation, storage and handling of food items, procurement of raw materials or maintenance of food processing equipment.
	Brand & Reputation	Inaccurate or inappropriate dissemination of information about the brand; untimely or improper response to negative publicity through various traditional and social media platforms.
	Guest Safety*	Harm or injury to guests at our properties, including hazardous materials, fire, attacks, drowning
	Fraud & Corruption*	Fraudulent or corruptive behavior of employees, performed either individually or in collusion, with the intent to deceive and obtain unauthorised benefits.
	Workplace Health & Safety*	Inadequate workplace safety and health protection measures to protect staff and service providers working from injuries or harm.

Risk Category	Risk Title	Risk Description
	Construction Projects	Inability to meet project objectives leading to delays in opening, cost overruns, higher maintenance expenses, or impact on guest experience.
	Procurement & Suppliers*	Purchases from unreliable, poor quality or unethical vendors.
	Human Capital*	Failure to attract, develop or retain the right talent to support the delivery of strategic priorities and operational objectives.
External	Adverse External Events*	Business disruption arising from force majeure events (e.g. natural disasters, disease outbreak).

* Includes material ESG and climate-related topics in the sustainability framework

Group Internal Audit

The Group Internal Audit (GIA) Department enhances and protects organisational value through the provision of independent, objective assurance on the adequacy and effectiveness of the internal control systems throughout the Group.

GIA performs reviews of key operational and financial systems on a continuous basis and aims to cover all major hotels and properties within every division on a rotational basis. This is documented in the annual audit plan which is approved by the ARC. The Chief Auditor reports functionally to the ARC and periodically communicates the scope of work performed and its results to the ARC.

Board Confirmation on the Effectiveness of Risk Management and Internal Control Systems

Internal controls, which are documented in policies and procedures, are designed to identify and manage risks that the Group may be exposed to, thereby providing reasonable assurance regarding the achievement of corporate objectives. Internal financial systems also allow the Board to monitor the Group's overall financial position, to protect the Group's assets and to mitigate against material financial misstatement or loss. Through the ARC, the Board has conducted reviews of the effectiveness of the systems of internal control of the Group. The reviews cover all material controls, including financial, operational and compliance controls and risk management functions.

The ARC has received management's annual confirmation that the Company's risk and management and internal control systems are effective and adequate for the Financial Year. The annual review conducted by the ARC has not identified any significant control failings or weaknesses, and it concurred with the management's confirmation.

The ARC has also reviewed the adequacy of resources, staff qualifications and experience of the Company's accounting, internal audit and financial reporting functions. Based on the duties performed by the ARC and its recommendation, the Board confirmed that the Company's risk and management and internal control systems were effective and adequate for the Financial Year; and the Group's processes for financial reporting and its compliance with the Listing Rules were effective.

EXTERNAL AUDITORS

The Company's Auditor is PricewaterhouseCoopers, Hong Kong.

For the Financial Year, the external auditors (including their other member firms) that provided audit and non-audit services to the Group are as follows:

Services	**Fees charged (USD'000)**
PricewaterhouseCoopers	
Audit services (including interim review)	1,710
Non-audit services	
(a) tax services	318
(b) other advisory services	170
Total	2,198
Other auditors	
Audit services	540
Non-audit services	
(a) tax services	127
(b) other advisory services	207
Total	874

Auditor

The Financial Statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment as the Auditor at the Annual General Meeting.

Responsibility for Financial Statements

The Directors acknowledge their responsibility for the preparation of the Financial Statements. In preparing the Financial Statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the Financial Statements.

The statement of the Auditor in regard to its reporting responsibilities on the Financial Statements is set out in the section entitled "Independent Auditor's Report" in the Annual Report.

GENERAL MEETINGS

During the Financial Year, the following general meeting of Shareholders was held:

- annual general meeting held on 1 June 2023 at 10:30 am in Hong Kong

All proposed Shareholders' resolutions put to the above general meeting were resolved by poll vote and were duly passed. The vote tally of each such resolution was set out in the Company's announcement released on the day of the general meeting.

The Auditor attended the general meeting. The attendance of the members of the Board and/or each Board committee at the general meeting is as follows:

	Attended in the capacity of a member of				
Meeting date: 1 June 2023	Board	Designation on meeting date	Nomination Committee	Remuneration & Human Capital Committee	Audit & Risk Committee
KUOK Hui Kwong	✓	ED & Chairman	✓	✓	
CHUA Chee Wui	✓	ED & Group CFO and Group CIO			
LIM Beng Chee	✓	NED			
LI Kwok Cheung Arthur	✓	INED	✓	✓	✓
YAP Chee Keong	✓	INED		✓	✓
LI Xiaodong Forrest	✓	INED	✓		
ZHUANG Chenchao	✓	INED			
KHOO Shulamite N K	✓	INED	✓	✓	✓
Total attendance	8/8		4/4	4/4	3/3

GENERAL MANDATES GRANTED TO DIRECTORS

New Issue Mandate

At the Company's annual general meeting in 2023, Shareholders granted to the Directors a general mandate to issue new Shares (subject to the requirements of the Listing Rules) representing not more than 20% of the issued Shares as at the date of the annual general meeting.

Up to the date of the Annual Report, the general mandate has not been exercised. The general mandate will expire not later than the conclusion of the Annual General Meeting.

The approval of a similar and refreshed general mandate will be sought from Shareholders at the Annual General Meeting. Details of the mandate have been set out in the notice convening the Annual General Meeting which is issued simultaneously with the Annual Report.

Share Repurchase Mandate

At the Company's annual general meeting in 2023, Shareholders granted to the Directors a general mandate to repurchase Shares (subject to the requirements of the Listing Rules) representing not more than 10% of the issued Shares as at the date of the annual general meeting.

Up to the date of the Annual Report, the general mandate has not been exercised. The general mandate will expire not later than the conclusion of the Annual General Meeting.

The approval of a similar and refreshed general mandate will be sought from Shareholders at the Annual General Meeting. Details of the mandate have been set out in the notice convening the Annual General Meeting and a separate circular of the Company, both of which are issued simultaneously with the Annual Report.

Repurchase, Sale or Redemption of the Company's Listed Securities

During the Financial Year, save for the purchase of shares in the Company for the purpose of the Company's share award scheme as disclosed in Note 18 to the Financial Statements, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the listed securities of the Company.

DIVIDEND POLICY

The Board considers that the Company's dividend policy should be based on the profits of the Group that were not affected by exceptional items (ie, based on operating/recurring profits). Given the capital expenditure requirements to support the Group's expansion plans, the Board was of the view that 50% to 55% of operating/recurring profits could be a general yet non-mandatory yardstick/benchmark for the Board's consideration as payment of dividends to Shareholders.

The total dividend proposed by the Company for the Financial Year represents 53% of the annual operating/recurring profits.

The Board reviews the Company's dividend policy regularly to ensure that the policy is in line with market practice and is appropriate considering the Group's ongoing development plans.

INVESTOR RELATIONS

Shareholders' Right to Propose a Person for Election as a Director

Shareholders have the right to propose a person for election as a Director at the Company's general meeting. Detailed procedures for this right have been posted on the Company's corporate website under the heading "Procedures for Shareholders to Propose a Person for Election as a Director" in the corporate governance section.

Shareholders' Right to Request to Convene a General Meeting

Shareholders also have the right to request the Board to convene a general meeting of the Company. Detailed procedures for this right have been posted on the Company's corporate website under the heading "Procedures for Shareholders' Requests to Convene a General Meeting" ("**Procedures to Convene General Meeting**") in the corporate governance section. The major terms of the Procedures to Convene General Meeting are summarised as follows:

(1) Holder(s) of Shares who are registered in the Company's registers of members as registered Shareholder(s) ("**Requisitionist(s)**") may submit a written request ("**Requisition**") to convene a special general meeting provided that the Requisitionist(s) is/are holding not less than one-tenth of the paid-up capital of the Company as at the date of the request.

(2) The Requisition must:

(a) state the purpose(s) of the special general meeting, including any resolutions proposed to be passed at such meeting and, where appropriate, be accompanied by all necessary materials and information for the purposes of the subject matter of the special general meeting;

(b) state the full name of each Requisitionist;

(c) state the number of the Shares held by each Requisitionist as at the date of the Requisition;

(d) state the valid contact details of each Requisitionist, including phone number and email address;

(e) be signed by each Requisitionist;

(f) be accompanied with a sum reasonably sufficient to meet the Company's expenses in giving any notice or statement to Shareholders; and

(g) be delivered to the Company at its registered office in Bermuda as well as its principal place of business in Hong Kong and shall be addressed to the attention of the Company's company secretary.

(3) If the Board receives a due Requisition:

(a) the Board shall convene a special general meeting within 21 calendar days immediately after the Requisition is duly lodged with the Company in accordance with the Procedures to Convene General Meeting; and

(b) the Board shall simultaneously issue notice and information of the special general meeting (specifying the place, date and hour of the meeting and the general nature of the business to be considered) to all Shareholders subject to and in accordance with the Bye-Laws, the Listing Rules and the Bermuda Companies Act to convene the meeting which shall be held at least 14 clear calendar days (excluding the day of notice and the day it is deemed to have been served as well as the day of the meeting) after the notice.

(4) If the Board fails to convene a special general meeting in accordance with (3)(a) hereinabove, the Requisitionist(s) or any of them may convene a special general meeting on the subject matter of the Requisition provided that:

(a) the aggregate voting rights of the Shares registered in the name of such Requisitionist(s) convening the special general meeting represent more than one half of the total voting rights of the Shares registered in the name of all the Requisitionist(s); and

(b) such Requisitionist(s) shall issue proper notice of the special general meeting to all Shareholders in a similar manner to that set out in (3)(b) hereinabove to convene a special general meeting, and such meeting shall be held within three calendar months immediately after the Requisition is duly lodged with the Company in accordance with the Procedures to Convene General Meeting.

(5) The Board shall have the absolute right to request the Requisitionist(s) to provide further materials or information in relation to the Requisition that the Board considers necessary to facilitate the convening, if appropriate, of the special general meeting as requested. The Requisitionist(s) shall provide such further materials and information that the Company may request in a timely fashion. The Board may reject a Requisition that does not fulfil any conditions as set out in the Procedures to Convene General Meeting, or if a special general meeting is, in the Board's reasonable and absolute discretion, not appropriately requested to be convened, and the Board shall inform the Requisitionists within 21 calendar days therefrom that the request under the Requisition will not be progressed.

Shareholder and Investor Communications

The Company recognises the importance of upholding and maintaining transparency of information for the Shareholders and the investor community and is committed to enhancing long-term shareholder value through regular communication and meaningful engagement with the Shareholders. The Company maintains a shareholder communication policy which sets out (a) the framework in place to ensure that Shareholders are provided with ready, equal and timely access to balanced and comprehensible information, and (b) the communication channels available for Shareholders to express views and engage actively with the Board. The policy has been posted on the Company's corporate website.

During the Financial Year, the Company reported on its financial and operating performance to Shareholders through interim and annual reports and also published a sustainability report. The 2023 annual general meeting was held on 1 June 2023 and served as a primary forum for Shareholders to communicate with the Board and for the Board to solicit and understand the views of Shareholders. Directors and Senior Management were available at the meeting to answer questions from Shareholders relating to the affairs and operations of the Group.

In addition, timely analyst briefings, including group meetings and one-on-one meetings and group business updates, were held subsequent to the interim and the final results announcements at which appropriate Executive Directors, members of Senior Management and the investor relations officer were available to answer queries on the Group's results and business update. Materials presented by the Company in the form of presentation slides at such briefings were made available on the Company's corporate website. The Company also issued press releases on news and business initiatives considered to be of interest to Shareholders and the investor community and copies were made available on the Company's corporate website.

The Company makes available a wide range of information in relation to the Group to the Shareholders and the investor community via the Company's corporate website, including:

(1) interim and final results presentation materials;

(2) periodic business updates presentation materials;

(3) press releases;

(4) corporate governance policies;

(5) sustainability reports and other community and social impact reporting; and

(6) enquiry channels through which Shareholders can connect with the Company.

The Board is therefore of the view that the implementation and effectiveness of the shareholders communication policy during the Financial Year was satisfactory.

Key Dates for Shareholders in 2024

The key dates are set out in the section entitled "Corporate Information" in the Annual Report.

Constitutional Documents

The Company made certain amendments to its constitutional documents during the Financial Year, including the adoption of a common set of core shareholder protection standards according to the Listing Rules together with certain updates in line with the applicable laws of Bermuda and other consequential and housekeeping changes. Please refer to appendix IV of the Company's circular dated 26 April 2023 for the particulars of amendments.

PUBLIC FLOAT

Based on the information recorded in the registers required to be kept by the Company under Sections 336 and 352 of the SFO or otherwise notified to the Company and within the knowledge of the Directors:

(1) as at Year End, the public float of the Shares made up 46.63% or a capitalisation of approximately HKD8.96 billion based on the closing price of the Shares as at Year End; and

(2) a sufficient public float of the Shares as required by the Listing Rules has been maintained during the Financial Year and the period thereafter up to the date of the Annual Report.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of Shangri-La Asia Limited

(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Shangri-La Asia Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 108 to 227, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of hotel properties
- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of hotel properties	
Refer to note 2.9 (Summary of material accounting policies), note 4(a) (Critical accounting estimates and assumptions), note 7 (Property, plant and equipment), note 9 (Leases), and note 29 (Expenses by nature) to the consolidated financial statements. The Group invests in a number of hotel properties around the world. The carrying values of these hotel properties include land and building and furniture, fixtures and equipment as at 31 December 2023. Management considers each hotel as a separate cash-generating unit ("CGU") and has carried out assessments on the macro economic environment and each of the hotels' financial performances and the status as of the reporting date to identify whether there are indicators for impairment. If impairment indicators exist, management conducted an impairment assessment by estimating the recoverable amounts of the relevant CGU, using the higher of value-in-use ("VIU") calculation and fair value less costs of disposal ("FVLCD").	Our audit procedures in relation to management's impairment assessments included: – understood management's controls and processes for assessment on impairment indicators of hotels and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors; – tested management's assessment, on a sample basis, as to which the relevant CGU has indicators of impairment by: • engaging in discussions with management regarding the methods used in the assessment of impairment indicators, including consideration of both external and internal sources of information; • testing the input data used by management in the assessment of impairment indicators in the context of the current operating status of the hotels and market conditions; and • comparing historical budgets to actual results.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of hotel properties (continued)	
We focused on this area because the identification of impairment indicators and estimation of recoverable amounts of the relevant hotel properties are subject to high degree of estimation uncertainty which requires critical management judgements and estimations.	– for those CGUs with impairment indicators, reviewed management's VIU and FVLCD analyses, on a sample basis, by: • reading the valuation reports and meeting with the independent valuers to discuss the valuation methodologies and key assumptions, if applicable; • involving our in-house valuation experts and assessing the valuation methodologies and the reasonableness of the key assumptions used in the valuation reports, if any; and • evaluating management's future cash flow forecasts and the processes by which they were drawn up, including assessment of the revenue growth rate assumptions applied in the forecasts, testing the underlying calculations, and comparing them to the latest Board approved budgets, the actual results of the prior period and our understanding of the overall market condition. – assessed the adequacy of the disclosures related to the impairment assessment of hotels in the context of HKFRS disclosure requirements. Based on our work and the evidence obtained, we found the significant judgements and estimates applied by management in the impairment assessment of hotel properties were supportable by evidence obtained and procedures performed.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to note 2.6 (Summary of material accounting policies), note 4(b) (Critical accounting estimates and assumptions), note 8 (Investment properties) and note 12 (Interest in associates and amounts due from associates) to the consolidated financial statements. The Group holds equity interests in a number of investment properties around the world and majority of them are completed properties. The fair value values of investment properties as at 31 December 2023 were supported by the property valuations carried out by independent firms of professional valuers engaged by the Group or the relevant associates. For completed properties, the valuation methods were based on the income approach and direct comparison approach, which required judgement and estimates on open market rents, capitalisation rates, discount rates and occupancy rates. The existence of significant judgement and estimates in the property valuations warrant specific audit attention to this area.	Our audit procedures in relation to valuation of investment properties held by the Group's subsidiaries and associates included: - understood management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors; - evaluated the independent professional valuers' competence, capabilities and objectivity; - involving our in-house valuation experts and assessing the valuation methodologies and the reasonableness of the key assumptions used in the valuation reports, on a sample basis; - considered the appropriateness and consistency of methodologies used in the property valuations based on our knowledge of the industry and market practice; - assessed the reasonableness of the key assumptions adopted in the property valuations, on a sample basis, by comparing them to recent lettings of the Group's investment properties, actual occupancy rates achieved, recent market transactions; - checked, on a sample basis, the accuracy and relevance of the valuation input data on existing leases by agreeing the rental income and lease terms to the signed lease agreements; and - assessed the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRS disclosure requirements. Based on our work and the evidence obtained, we found the methodologies used and key assumptions adopted in the valuation of investment properties were supportable by evidence obtained and procedures performed.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT & RISK COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit & Risk Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Risk Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Chiu Kong, Edmond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2023 USD'000	2022 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	3,998,055	4,171,457
Investment properties	8	1,803,429	1,724,867
Right-of-use assets	9	1,051,345	1,074,681
Intangible assets	10	104,661	108,804
Interest in associates	12	4,304,252	4,124,967
Deferred income tax assets	25	76,625	86,534
Financial assets at fair value through other comprehensive income	13	2,101	3,177
Financial assets at fair value through profit or loss	13	11,563	12,902
Derivative financial instruments	23	42,173	74,975
Other receivables	14	12,615	13,488
		11,406,819	11,395,852
Current assets			
Inventories		30,054	31,378
Properties for sale	16	52,125	51,177
Accounts receivable, prepayments and deposits	15	236,122	209,026
Amounts due from associates	12	126,596	107,942
Derivative financial instruments	23	32,609	58,253
Financial assets at fair value through profit or loss	13	10,639	13,884
Bank deposits with original maturities over 3 months	17	96,825	12,992
Cash and cash equivalents	17	870,797	753,002
		1,455,767	1,237,654
Total assets		12,862,586	12,633,506
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital and premium	18	3,201,995	3,201,995
Shares held for share award scheme	18	(15,645)	(6,111)
Other reserves	20	406,450	568,847
Retained earnings		1,629,620	1,489,310
		5,222,420	5,254,041
Non-controlling interests	24	245,623	170,474
Total equity		5,468,043	5,424,515

	Note	As at 31 December 2023 USD'000	2022 USD'000
LIABILITIES			
Non-current liabilities			
Bank loans	21	3,907,801	3,527,212
Fixed rate bonds	22	1,168,534	1,132,761
Derivative financial instruments	23	13,665	7,700
Long term lease liabilities	9	530,560	518,960
Deferred income tax liabilities	25	305,816	295,490
		5,926,376	5,482,123
Current liabilities			
Accounts payable and accruals	26	639,048	579,222
Contract liabilities	27	101,051	89,412
Short term lease liabilities	9	41,792	44,729
Amounts due to non-controlling shareholders	24	44,981	51,779
Current income tax liabilities		24,239	6,113
Bank loans	21	506,600	952,444
Fixed rate bonds	22	102,271	–
Derivative financial instruments	23	8,185	3,169
		1,468,167	1,726,868
Total liabilities		7,394,543	7,208,991
Total equity and liabilities		12,862,586	12,633,506

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 108 to 227 were approved by the Board of Directors on 22 March 2024 and were signed on its behalf.

KUOK Hui Kwong
Director

CHUA Chee Wui
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December 2023 USD'000	2022 USD'000
Revenue	5	2,141,790	1,462,145
Cost of sales	29	(975,048)	(775,627)
Gross profit		1,166,742	686,518
Other gains – net	30	9,050	108,913
Marketing costs	29	(80,205)	(64,947)
Administrative expenses	29	(241,069)	(195,389)
Other operating expenses	29	(639,812)	(539,378)
Operating profit/(loss)		214,706	(4,283)
Finance costs – net	33	(258,378)	(360,932)
Share of profit of associates	34	323,818	190,772
Profit/(Loss) before income tax		280,146	(174,443)
Income tax expense	35	(78,470)	(13,009)
Profit/(Loss) for the year		201,676	(187,452)
Profit/(Loss) attributable to:			
Owners of the Company		184,139	(158,519)
Non-controlling interests		17,537	(28,933)
		201,676	(187,452)
Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company during the year (expressed in US cents per share)			
– basic	36	5.17	(4.44)
– diluted	36	5.13	(4.44)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2023 USD'000	2022 USD'000
Profit/(Loss) for the year	201,676	(187,452)
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss		
Fair value changes of financial assets at fair value through other comprehensive income	24	(296)
Remeasurements of post-employment benefit obligations	(615)	467
Effect of hyperinflation	7,653	53,713
Items that may be reclassified subsequently to profit or loss		
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	(51,072)	155,457
Currency translation differences – subsidiaries	(28,407)	(331,806)
Currency translation differences – associates	(81,492)	(359,059)
Other comprehensive loss for the year	(153,909)	(481,524)
Total comprehensive income/(loss) for the year	47,767	(668,976)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	31,513	(609,354)
Non-controlling interests	16,254	(59,622)
	47,767	(668,976)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company						
		Share capital and premium USD'000	Shares held for share award scheme USD'000	Other reserves USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
Balance at 1 January 2023		3,201,995	(6,111)	568,847	1,489,310	5,254,041	170,474	5,424,515
Fair value changes of financial assets at fair value through other comprehensive income	20	–	–	10	–	10	14	24
Remeasurements of post-employment benefit obligations		–	–	–	(622)	(622)	7	(615)
Effect of hyperinflation		–	–	–	7,653	7,653	–	7,653
Fair value changes of interest-rate swap and cross-currency swap contracts - hedging	20	–	–	(48,983)	–	(48,983)	(2,089)	(51,072)
Currency translation differences	20	–	–	(110,684)	–	(110,684)	785	(109,899)
Other comprehensive (loss)/income for the year recognised directly in equity		–	–	(159,657)	7,031	(152,626)	(1,283)	(153,909)
Profit for the year		–	–	–	184,139	184,139	17,537	201,676
Total comprehensive (loss)/income for the year ended 31 December 2023		–	–	(159,657)	191,170	31,513	16,254	47,767
Shares purchase for share award scheme	18	–	(13,900)	–	–	(13,900)	–	(13,900)
Share-based compensation under share award scheme	20	–	–	7,889	–	7,889	–	7,889
Vesting of shares under share award scheme	18, 20	–	4,366	(4,212)	(154)	–	–	–
Transfer gain on change in fair value of equity instruments sold to retained earnings	20	–	–	(201)	201	–	–	–
Transfer share option reserve to retained earnings	20	–	–	(6,216)	6,216	–	–	–
Dividend paid and payable to non-controlling shareholders		–	–	–	–	–	(1,927)	(1,927)
Capital reduction for subsidiaries		–	–	–	–	–	(3,576)	(3,576)
Injection of equity loans from non-controlling shareholders		–	–	–	–	–	7,191	7,191
Return of equity loan to a non-controlling shareholder		–	–	–	–	–	(2,640)	(2,640)
Acquisition of equity interest in a subsidiary from a non-controlling shareholder	38(b)	–	–	–	(57,123)	(57,123)	59,847	2,724
		–	(9,534)	(2,740)	(50,860)	(63,134)	58,895	(4,239)
Balance at 31 December 2023		3,201,995	(15,645)	406,450	1,629,620	5,222,420	245,623	5,468,043

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	Share capital and premium USD'000	Shares held for share award scheme USD'000	Other reserves USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
		Attributable to owners of the Company						
Balance at 1 January 2022		3,201,995	(2,858)	1,073,259	1,591,897	5,864,293	185,571	6,049,864
Fair value changes of financial assets at fair value through other comprehensive income	20	-	-	(125)	-	(125)	(171)	(296)
Remeasurements of post-employment benefit obligations		-	-	-	474	474	(7)	467
Effect of hyperinflation		-	-	-	53,713	53,713	-	53,713
Fair value changes of interest-rate swap and cross-currency swap contracts - hedging	20	-	-	145,939	-	145,939	9,518	155,457
Currency translation differences	20	-	-	(650,836)	-	(650,836)	(40,029)	(690,865)
Other comprehensive (loss)/income for the year recognised directly in equity		-	-	(505,022)	54,187	(450,835)	(30,689)	(481,524)
Loss for the year		-	-	-	(158,519)	(158,519)	(28,933)	(187,452)
Total comprehensive loss for the year ended 31 December 2022		-	-	(505,022)	(104,332)	(609,354)	(59,622)	(668,976)
Shares purchase for share award scheme	18	-	(6,139)	-	-	(6,139)	-	(6,139)
Share-based compensation under share award scheme	20	-	-	5,241	-	5,241	-	5,241
Vesting of shares under share award scheme	18, 20	-	2,886	(2,294)	(592)	-	-	-
Transfer gain on change in fair value of equity instruments sold to retained earnings	20	-	-	(2,337)	2,337	-	-	-
Dividend paid and payable to non-controlling shareholders		-	-	-	-	-	(2,025)	(2,025)
Net change in equity loans due to non-controlling shareholders		-	-	-	-	-	46,550	46,550
		-	(3,253)	610	1,745	(898)	44,525	43,627
Balance at 31 December 2022		3,201,995	(6,111)	568,847	1,489,310	5,254,041	170,474	5,424,515

Included in the retained earnings are statutory funds of approximately USD93,337,000 (2022: USD92,040,000). These funds are set up by way of appropriation from the profit after taxation of the respective companies, established and operating in Mainland China, in accordance with the relevant laws and regulations.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December 2023 USD'000	2022 USD'000
Cash flows from operating activities			
Net cash generated from operations	38(a)	546,128	140,885
Interest paid for loans and fixed rate bonds		(244,256)	(189,849)
Interest paid for lease liabilities		(27,949)	(28,120)
Hong Kong profits tax paid		(135)	(190)
Overseas tax paid		(34,958)	(13,764)
Net cash generated from/(used in) operating activities		238,830	(91,038)
Cash flows from investing activities			
Purchase of property, plant and equipment		(40,227)	(25,713)
Capital expenditure on properties under development		(42,315)	(46,707)
Capital expenditure on investment properties		(67,710)	(65,499)
Capital expenditure on intangible assets		(4,934)	(6,986)
Proceeds from disposal of property, plant and equipment		193	7,149
Proceeds from disposal of investment properties		6,310	2,361
Capital injection to associates		(14,136)	–
Cash received from capital reduction of associates		11,701	30,360
Injection of loans to associates		(50,451)	(2,441)
Repayment of loans from associates		383	912
Interest received from associates		2,250	635
Interest received from short term fund placement		938	–
Other interest received		17,657	9,855
Dividends received from associates		104,513	130,325
Dividends received from listed Shares		917	1,185
Sale proceeds from disposal of listed Shares		1,223	3,546
Sale proceeds received for disposal of controlling interest in a subsidiary		–	22,850
Net (increase)/decrease in bank deposits with original maturities over 3 months		(83,833)	26,334
Net cash (used in)/generated from investing activities		(157,521)	88,166
Cash flows from financing activities			
Dividends paid to non-controlling shareholders		(1,927)	(1,995)
Purchase of shares under share award scheme		(13,900)	(6,139)
Injection of loans from non-controlling shareholders		7,562	5,785
Repayment of loans to non-controlling shareholders		(7,624)	(236)
Return of equity to non-controlling shareholders		(3,576)	–
Principal elements of lease payments		(17,232)	(16,379)
Net proceeds from issuance of fixed rate bonds		119,017	–
Cash received upon maturity of cross currency swap contracts		8,968	–
Repayment of bank loans		(1,532,454)	(304,476)
Bank loans drawn down		1,474,708	387,482
Net cash generated from financing activities		33,542	64,042
Net increase in cash and cash equivalents		114,851	61,170
Cash and cash equivalents at beginning of the year		753,002	745,540
Exchange gains/(losses) on cash and cash equivalents		2,944	(53,708)
Cash and cash equivalents at end of the year	17	870,797	753,002

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activities of Shangri-La Asia Limited ("**Company**") and its subsidiaries (together, "**Group**") are the development, ownership and operation of hotel properties, the provision of hotel management and related services, the development, ownership and operation of investment properties, and property development for sale.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5/F, 31 Victoria Street, Hamilton HM10, Bermuda.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited ("**HKSE**") with secondary listing on the Singapore Exchange Securities Trading Limited.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and accounting policies

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets, financial liabilities (including derivative financial instruments) and investment properties are stated at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Going concern

The consolidated financial statements as at 31 December 2023 have been prepared on a going-concern basis, although the Group's consolidated current liabilities exceeded its consolidated current assets by USD12,400,000. The future funding requirements can be met through the committed and available undrawn bank loan facilities of USD1,574,252,000 which are maturing after 31 December 2024. The Group has adequate resources to continue its operation for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 21 and 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation and accounting policies (continued)

2.1.2 New accounting standards, amendments and interpretations to accounting standards adopted by the Group

The Group has applied the following amendments to accounting standards for the first time for the financial year beginning on 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

The adoption of these amendments to accounting standards has no material impact on the Group's financial statements except as described below.

Amendments to HKAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the Group should recognise deferred tax assets and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

Following the adoption of the amendments, the Group would recognise a separate deferred tax assets arising from the lease liabilities and a deferred tax liability arising from the right-of-use assets. However, as these new deferred tax assets and liabilities qualify for offsetting in accordance with HKAS 12, there was no impact on the consolidated financial statements of the Group, except for the disclosure of the deferred tax assets and liabilities to be presented in the notes to the consolidated financial statements.

Amendments to HKAS 12, Income Taxes: International Tax Reform – Pillar Two Model Rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantially enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("**OECD**"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application. The additional disclosures are provided in Note 35(c).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation and accounting policies (continued)

2.1.3 New standards, amendments and interpretations to existing standards not yet adopted by the Group

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the year 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact to the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Consolidation

The consolidated financial statements included the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to obtain, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Group. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets.

The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss as negative goodwill.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of additional interest in subsidiaries from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interest in subsidiaries to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests and no gain or loss is recognised.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss and other comprehensive income of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition (see Note 2.7).

If the ownership interest in an associate is reduced but significant influence is retained, only the proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performances of the operating segments, has been identified as the executive directors of the Company.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's principal subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in United States dollars (**USD**), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except those arising from qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation which would be recognised in other comprehensive income.

Foreign exchange gains and losses including those related to borrowings and cash and bank balances are presented in the consolidated statement of profit or loss within "Finance costs – net".

Translation differences on monetary items, such as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments on assets and liabilities arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the date of the statement of financial position.

2.5 Property, plant and equipment

Buildings comprise mainly hotel properties. Property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated to write off the cost to their residual value on a straight-line basis over the expected useful lives. The useful lives or principal annual rates used are:

Hotel properties and other buildings	Lower of underlying land lease term or 50 years
Plant and machinery	5% to 10%
Furniture, fixtures and equipment	10% to $33^{1}/_{3}$%
Motor vehicles	20% to 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

Properties under development and freehold land for hotel properties are not subject to depreciation and are stated at cost less accumulated impairment, if any.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating expenses in the statement of profit or loss if the disposal is arising from normal operation of the business.

2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Property that is being constructed or developed for future use as investment property is also classified as investment property before construction or development is completed.

Investment property comprises land held under operating lease or freehold and buildings. Land held under operating leases is classified and accounted for as investment property without amortisation when the rest of the definition of investment property is met.

Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value, representing open market value determined by external professional valuers. Property under construction that is being classified as investment property is revalued to fair value when it becomes reliably determinable on a continuing basis. The valuations performed by the independent valuers for financial reporting purposes would be reviewed by the Group's management and discussions of valuation processes and results are held with the valuers at least once every six months to be in line with the Group's interim and annual reporting requirements. Changes in fair values are recognised in the statement of profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of profit or loss during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions is tested for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks and licences

Trademarks and licences are shown at historical cost. Trademarks and licences with finite useful life are carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 20 to 50 years.

(c) Website and system development costs

Website and system development costs that are directly associated with the development of identifiable and unique products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Such development costs are carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3 years upon commencement of operation.

2.8 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of investments in subsidiaries, associates and non-financial assets

Intangible assets that have an indefinite useful life, for example goodwill, or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries in the separate financial statements is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiaries or associates in the period the dividend is declared or if the carrying amount of the net investment exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.10 Financial assets

The Group classifies its investments in the following categories: financial assets at amortised cost, fair value through profit or loss ("**FVPL**") and fair value through other comprehensive income ("**FVOCI**"). The classification depends on the Group's business model for managing the investments. Management determines the classification of its investments at initial recognition.

(a) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets are classified as current assets if expected to be settled within 12 months or in the normal operating cycle of the business, otherwise, they are classified as non-current.

Subsequent to initial recognition, debt instruments financial assets are measured as follows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(b) Measurement (continued)

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) – net together with foreign exchange gains and losses. Impairment losses which are significant are presented as separate line item in the statement of profit or loss.

FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("**OCI**"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses) – net. Interest income from these financial assets is included in other gains/(losses) – net using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) – net and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) – net in the period in which it arises.

For equity instruments, the Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other gains when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) – net in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(c) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer to Note 3.1(b) for the detailed impairment for trade receivables at simplified approach and other debt instruments at general model.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Derivative financial instruments (hedging and non-hedging)

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values.

In order to determine whether the instruments qualify for hedge accounting or not, the Group performs an analysis to assess whether changes in the cash flows of the instruments are deemed highly effective in offsetting changes in the cash flows of the hedged items.

(a) Hedging

Hedging instruments are initially recognised at fair value on the date of the contract entered into and are re-measured to their fair value at subsequent reporting dates. The effective portion of the change in the fair value of the contracts is recognised in "Hedging reserve" in equity. The gain or loss relating to the ineffective portion is recognised immediately in the "Other gains/(losses) – net" of statement of profit or loss.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 23. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

For interest-rate swap contracts used for hedging bank loan interest payment under bank loan agreements in order to swap the floating interest rate borrowings to fixed interest rate borrowings, the related cash flows in the same period of the hedged transaction are classified as interest expenses in the statement of profit or loss.

For currency forward contracts used to hedge the currency risk associated with the forecast foreign currency payment obligation under certain sale and purchase agreements for capital expenditure investment executed, the amounts accumulated in the "Hedging reserve" were transferred out and were included in the initial investment cost of the net asset acquired when the payment was made.

For currency forward contracts used to hedge the currency risk associated with the forecast foreign currency receipt during the year, the difference between the net cash received and the book value of the receivable are classified as finance cost.

If at any time the hedging instruments are no longer highly effective as a hedge, the Group discontinues hedge accounting for those hedging instruments and all subsequent changes in fair value are recorded in "Other gains/(losses) – net".

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the statement of profit or loss within "Other gains/(losses) – net".

(b) Non-hedging

Derivative financial instruments, including cross-currency swap contracts that do not qualify for hedge accounting, are categorised as derivatives at fair value through profit or loss and changes in the fair value of these derivative instruments are recognised immediately in the consolidated statement of profit or loss within "Other gains/(losses) – net".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost, being cost of purchase, is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

2.13 Properties for sale

Properties for sale are initially recognised at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, the properties are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a short period of time and therefore are all classified as current.

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses. The Group's policies on the recognition of credit losses are set out in Note 3.1(b) to this consolidated financial statements.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within bank loans in current liabilities on the statement of financial position.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from the consolidated equity attributable to the owners of the Company until the shares are resold. Where such shares are subsequently resold, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, will increase the consolidated equity attributable to the owners of the Company. The dividends on these own shares held are excluded from the dividend distribution to the owners of the Company recognised in the consolidated financial statements.

2.17 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

2.19 Pre-operating expenditure

Pre-operating expenditure is charged to the statement of profit or loss in the year in which it is incurred.

2.20 Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted for the year, and any adjustment to tax payable in respect of previous years in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profit is not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Income tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

The investment properties held by the Group in Mainland China, Mongolia and Myanmar, that is measured at fair value, are depreciable and held within a business model whose objective is to consume substantially all of their economic benefits over their respective lease term. The deferred tax liabilities in relation to these investment properties are determined assuming the properties will be recovered entirely through use, rather than through sale.

2.21 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group operates a number of defined benefit and defined contribution plans, most of the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the applicable laws and regulations at different jurisdictions and the recommendations of independent qualified actuaries for defined benefit plans.

For the Group's defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions, where applicable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

For defined benefit plans, pension costs are assessed using the projected unit credit method: the cost of providing pensions is charged to the statement of profit or loss so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans at least every 3 years. The pension obligation is measured as the present value of the estimated future cash outflows less the fair value of plan assets. Actuarial gains and losses are recognised in full in the period in which they occur, in other comprehensive income.

The Group's defined benefit plans are funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits (continued)

(c) Bonus plans

The Group recognises a provision where contractually obliged or when it has a present or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

(d) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits or when it recognises restructuring costs involving the payment of termination benefits.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of an amount can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.23 Revenue recognition

Revenue comprises the fair value for the sales of goods and services, net of value-added tax, rebates and discounts and after eliminating revenue within the Group. Revenue/income is recognised as follows:

(i) Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.

(ii) The Group operates a loyalty programme where customers mainly accumulate points from hotel stays and dinning at the Group's hotels. A contract liability for the award points expected to be redeemed is recognised at the time of sales. Revenue is subsequently recognised when the points are redeemed or when they are expired.

(iii) Revenue in respect of hotel management and related services is recognised over time during the period when management services are delivered to the hotels.

(iv) Rental revenue from investment properties is recognised on a straight-line basis over the periods of the respective leases.

(v) Revenue from sales of properties is recognised when control over the properties are transferred to the purchasers. An enforceable right to payment does not arise until legal title has passed to the purchasers and revenue is recognised at a point in time when the legal title has passed to the purchasers. Payments received from purchasers prior to this stage are recorded as deposits received on sales of properties, which are included in contract liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (continued)

(vi) Interest income on financial assets at amortised cost and financial assets at FVOCI is recognised using the effective interest method as part of other gains. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(vii) Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI.

2.24 Leases

(a) As the lessor

Assets leased out under operating leases are included in either property, plant and equipment or investment properties in the statement of financial position. In case of property, plant and equipment, they are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(b) As the lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Leases (continued)

(b) As the lessee (continued)

The right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease to come up with the lease liabilities. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Leases in the form of leasehold land and land use rights are also included in right-of-use assets. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases with a lease term of 12 months or less are recognised on a straight-line basis as an expense in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.26 Share-based compensation

The Group operates two equity-settled, share-based compensation plans.

(a) Share option scheme

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets) and performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each date of the statement of financial position, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statement of profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The related balance previously recognised in the option reserve is also credited to the share premium.

(b) Share award scheme

The Group operates the share award scheme under which awarded shares of the Company can be granted to the employees of the Group and the Company's directors as part of their remuneration package.

When shares are acquired for the share award scheme from the market, the total consideration of shares acquired is deducted from the share capital and share premium.

Upon granting of shares, share-based compensation expenses is charged to the statement of profit or loss and the amount of which is determined by reference to the fair value of the awarded shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods (or on the grant date if the shares vest immediately), with a corresponding credit to the share award reserve under equity. For those awarded shares which are amortised over the vesting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based compensation expense in the current period, with a corresponding adjustment to the share award reserve.

Upon vesting of shares, the related total consideration of the vested awarded shares when acquired are credited to the share capital and share premium, with a corresponding decrease in share award reserve for awarded shares.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.27 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are charged to the statement of profit or loss in the year in which they are incurred.

2.28 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity. A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. A grant relating to income is recognised in profit or loss and presented in "Other gains/(losses) – net" over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

2.29 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

After initial recognition, an issuer of financial guarantee contracts shall subsequently measure it at the higher of the amount determined in accordance with the expected credit loss model under HKFRS 9 and the amount initially recognised, less the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

2.30 Financial reporting in hyperinflationary economies

For entities whose functional currency is the currency of a hyperinflationary economy, the historical cost of the non-monetary assets and liabilities and equity items of the entity from their date of acquisition or inclusion in the statement of financial position would be adjusted to reflect the changes in the purchasing power of the currency resulting from inflation by applying the changes in the general price index of the hyperinflationary economy. Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting date. All items of the statement of profit or loss would be restated into the measuring unit current at the date of the statement of financial position by applying the general price index of the economy. Gain or loss on net monetary position is included in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.30 Financial reporting in hyperinflationary economies (continued)

During the year ended 31 December 2023, Turkey continues to be a hyperinflationary economy for accounting purposes as its cumulative inflation rate for the past three years has exceeded 100%. The financial information of an owned hotel in Turkey which is using Turkish Lira as its functional currency has therefore been prepared in accordance with this policy. The financial information of this hotel in Turkey for the year ended 31 December 2023 are stated in terms of current purchasing power using the Turkey consumer price index at 31 December 2023.

The financial results of the hotel in Turkey have been translated and presented in US dollars at the prevailing exchange rate on 31 December 2023.

The Group applies the combined effect of the restating in accordance to HKAS 29 and translation according to HKAS 21 as a net change for the year in other comprehensive income for the ongoing re-translation of comparative amounts to closing exchange rates under HKAS 21 and the hyper-inflation adjustments required by HKAS 29.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group Treasury under guidance of the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management and covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group has investments in different foreign operations, whose net assets are exposed to foreign currency translation risk.

There is a natural economic hedge to the extent that all the Group's business units in Hong Kong, Mainland China, the Philippines, Singapore, Malaysia, Thailand, Japan, France, United Kingdom, Sri Lanka, Turkey, Australia, Indonesia and Mauritius derive their revenues (and most of the expenses associated therewith) in local currencies. Most of the Group's hotels are quoting room tariffs in the local currency. It is the Group's endeavour, wherever and to the extent possible, to quote tariffs in the stronger currency and maintain bank balances in that currency, if legally permitted.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group has not felt it appropriate to substantially hedge against currency risks through forward exchange contracts upon consideration of the currency risk involved and the cost of obtaining such cover.

The Group analyses its exchange exposure based on the financial position at year end. The Group's exchange risk mainly arises from long-term bank loans and shareholders' loans and the Group calculates such impact on the statement of profit or loss. The Group also calculates the impact on the exchange fluctuation reserve of the exchange risk on consolidation arising from the translation of the net investment in foreign entities. At 31 December 2023, if US dollar has weakened/strengthened by 5% (2022: 5%) against all other currencies (except Hong Kong dollar) with all other variables held constant, the Group's profit attributable to the owners of the Company and exchange fluctuation reserve would have increased/decreased by USD39,006,000 (2022: USD14,158,000) and USD276,132,000 (2022: USD335,669,000), respectively. The exchange rate between US dollar and Hong Kong dollar is only allowed to fluctuate in a narrow range under the Hong Kong's linked exchange rate system.

(ii) Equity securities price risk

The Group is exposed to equity securities price risk arising from the listed equity investments held by the Group. Financial assets at FVOCI are mainly investments in unquoted shares which are not subject to price risk. The Group is not exposed to commodity price risk.

Equity securities price risk is the risk that the fair values of the trading securities decrease as a result of changes in the value of individual securities which are also affected by the change in the level of equity indices.

For every 5% increase/decrease in the fair value of the trading securities classified under financial assets at FVPL, the carrying value of the trading securities will increase/decrease by USD532,000 (2022: USD694,000) while the Group's profit attributable to the owners of the Company will increase/decrease by USD532,000 (2022: USD694,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest-rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

The Group's interest-rate risk mainly arises from long-term bank loans under floating rates.

Bank loans issued at variable rates expose the Group to cash flow interest-rate risk. The Group policy is to maintain an optimal portion of its borrowings at fixed rate. Taking into account the fixed rate bonds, fixed rate bank loans and the interest-rate swap contracts (including the cross-currency swap contracts that also fix the interest rates of certain bank borrowings), the Group has fixed its interest liability on 65.8% of its outstanding borrowings as at 31 December 2023 (31 December 2022: 60.6%).

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest-rate swap contracts which qualify for hedge accounting. Such interest-rate swap contracts have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term bank loans at floating rates. The Group closely monitors the movement of interest rates from time to time and enters into interest-rate swap contracts. Under the interest-rate swap contracts, the Group agrees with other parties to exchange the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group analyses its interest rate exposure on bank loans not hedged by interest-rate swap contracts based on the assumption that the loan position at year end could be wholly refinanced and/or renewed. The Group calculates the impact on statement of profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The sensitivity test is running only for all bank loans not hedged by interest-rate swap contracts that present the major interest-bearing portion. Based on the simulation performed, the impact on statement of profit or loss of one percentage point increase would be a decrease of the Group's profit attributable to the owners of the Company of USD15,459,000 (2022: USD16,881,000) after interest capitalisation for properties under development.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest-rate risk (continued)

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

Interest rate swaps	2023 USD'000	2022 USD'000
Carrying amount (net current and non-current assets)	(74,782)	(120,087)
Notional amount	1,639,839	2,061,129
Maturity date	2024 to 2027	2023 to 2027
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	45,305	(160,307)
Change in value of hedged item used to determine hedge effectiveness	(45,305)	160,307
Weighted average hedged rate for outstanding hedging instruments	1.504%	1.558%

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("**IBORs**") with alternative nearly risk-free rates (referred to as "**IBOR reform**"). As at 31 December 2022, the Group has concluded that its interest-rate swap hedging relationship were subject to limited uncertainly driven by IBOR reform. In 2023, the Group has transitioned the US dollar bank loans as well as the US dollar interest-rate swap contracts from the London Interbank Offered Rate ("**LIBOR**") to the Secured Overnight Financing Rate ("**SOFR**") following the discontinuation of US dollar LIBOR on 30 June 2023. As at 31 December 2023, the principal amounts of the Group's US dollar bank borrowings and US dollar interest-rate swap contracts which were formerly benchmarked to US dollar LIBOR are USD1,680,957,000 and USD1,005,000,000 respectively (31 December 2022: USD2,065,572,000 and USD1,265,000,000 respectively). The transition of US dollar interest rate from LIBOR to SOFR does not have material impact on the interest rates or interest expenses associated with the Group's US dollar bank loans and USD dollar interest-rate swap contracts as a result of the IBOR reform. The resulting interest rates benchmarked to SOFR are comparable to the former US dollar LIBOR rates. As at 31 December 2023, the Group has no remaining unreformed IBOR exposure.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, at FVOCI and FVPL, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables from customers and financial guarantees to associates.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies the HKFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition on an ongoing basis throughout each reporting period. Credit losses for trade receivables are assessed on both individual and collective basis. Lifetime expected credit loss is calculated based on historical loss patterns and customer bases which are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the future economic outlook of the countries in which it operates to be the most relevant factors, and accordingly adjusts the historical loss patterns based on expected changes in these factors.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of rooms to wholesalers are made to customers with an appropriate credit history. Sales to retail customers are made via credit cards to a significant extent. Sales to corporate customers are made to customers with good credit history. The Group has policies that limit the amount of global credit exposure to any customer. The Group manages its deposits with banks and financial institutions by monitoring credit ratings and places deposits with banks and financial institutions with no recent history of default. The management also considers the credit risk of other receivables and amounts due from associates is low, as counterparties are expected to be capable of meeting their contractual cash flows obligation in the near term. Since the Group's historical credit loss experience for these receivable balances were minimal, the loss allowance for these receivable balances as a result of applying the expected credit loss model was therefore immaterial.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The analysis of the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date is as follows. The Group's estimated and actual financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

	Less than 3 months USD'000	Between 3 months and 1 year USD'000	Between 1 and 2 years USD'000	Over 2 years USD'000
At 31 December 2023				
Bank loans	16,727	489,873	391,503	3,516,298
Fixed rate bonds	–	102,273	660,000	511,364
Interest payable for bank loans	62,432	179,154	211,802	292,529
Interest payable for fixed rate bonds	4,640	46,946	49,694	65,449
Derivative financial instruments	2,046	6,139	6,823	11,620
Lease liabilities	11,466	34,396	42,520	1,359,677
Amounts due to non-controlling shareholders	44,981	–	–	–
Accounts payable and accruals	77,015	525,801	–	–
Financial guarantee contracts for bank loans granted to associates	116,628	–	–	–
At 31 December 2022				
Bank loans	30,011	922,433	859,014	2,668,198
Fixed rate bonds	–	–	100,694	1,034,478
Interest payable for bank loans	53,727	147,853	154,780	254,954
Interest payable for fixed rate bonds	4,569	42,861	45,567	92,390
Derivative financial instruments	792	2,377	3,169	4,531
Lease liabilities	11,405	34,215	44,403	1,348,022
Amounts due to non-controlling shareholders	51,779	–	–	–
Accounts payable and accruals	71,072	501,548	–	–
Financial guarantee contracts for bank loans granted to associates	151,571	–	–	–

The amounts disclosed in the table are the contractual undiscounted cash flows. The estimated amount of interest payable for bank loans and fixed rate bonds are arrived at based on the principal loan balance and prevailing interest rates at year end date up to the final maturity date of the loan agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current bank loans and fixed rate bonds as shown in the consolidated statement of financial position) less cash and bank balances and short-term fund placements. Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023 USD'000	2022 USD'000
Total borrowings	5,685,206	5,612,417
Less: Cash and bank balances and short-term fund placements (Note 17)	(967,622)	(765,994)
Net debt	4,717,584	4,846,423
Total equity	5,468,043	5,424,515
Gearing ratio (net debt over total equity)	86.3%	89.3%

The Group's bank loan facilities require it to meet certain ratios based on adjusted consolidated capital and reserves attributable to the owners of the Company and adjusted consolidated total equity. The Group monitors compliance with these ratios on a monthly basis. The Group has satisfactorily complied with all covenants under its borrowing agreements.

3.3 Accounting for interest-rate swap contracts

Interest-rate swap contracts, a kind of derivative financial instruments, are set up for the purpose of managing risk (since the Group's policy does not permit speculative transactions). Interest-rate swap contracts are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value.

As at 31 December 2023, the Group had interest-rate swap contracts with a total principal amount of USD1,639,839,000 (2022: USD2,061,129,000), all these contracts qualify for hedge accounting. Under the accounting treatment of interest-rate swap contracts, the effective portion of the change in the fair value of the contracts is recognised in "Hedging reserve" in equity while the gain or loss relating to the ineffective portion is recognised immediately in "Other gains – net" of statement of profit or loss and the related cash flows arising from these interest-rate swap contracts in the period are classified as interest expenses in the statement of profit or loss.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Fair value estimation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 – Quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Fair value measured using significant unobservable inputs

The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to arrive at the fair value of an instrument are observable, the instrument is included in Level 2.

Specific valuation techniques used to value financial instruments include:

- Dealer quotes for similar instruments.
- The fair value of interest-rate swap contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statement of financial position, with the resulting value discounted back to present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Fair value estimation of financial instruments (continued)

(c) Financial instruments in Level 3

Fair value is determined by using valuation techniques principally based on discounted cash flow analysis with reference to inputs of cash flow payback and other specific input relevant to the financial assets. Changing unobservable inputs used in Level 3 valuation to reasonable alternate assumptions would not have significant impact on the Group's profit or loss.

The Group uses widely recognised valuation models for determining the fair value of common and simple financial instruments, like interest-rate swap contracts, that use only observable market data and require little management judgement and estimation.

The following tables present the Group's assets and liabilities that are measured at fair value at 31 December 2023 and 31 December 2022. See Note 8 for disclosures of the investment properties that are measured at fair value.

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
At 31 December 2023				
Assets				
Financial assets at fair value through profit or loss (Note 13)				
– Club debentures	11,563	–	–	11,563
– Listed shares	10,639	–	–	10,639
Financial assets at fair value through other comprehensive income (Note 13)				
– Equity and loan instruments	–	–	2,101	2,101
Derivative financial instruments (Note 23)				
– Interest-rate swap contracts	–	74,782	–	74,782
Total assets	22,202	74,782	2,101	99,085
Liabilities				
Derivative financial instruments (Note 23)				
– Cross-currency swap contracts	–	21,850	–	21,850

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Fair value estimation of financial instruments (continued)

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
At 31 December 2022				
Assets				
Financial assets at fair value through profit or loss (Note 13)				
– Club debentures	12,902	–	–	12,902
– Listed shares	13,884	–	–	13,884
Financial assets at fair value through other comprehensive income (Note 13)				
– Equity and loan instruments	–	–	2,101	2,101
– Listed shares	1,076	–	–	1,076
Derivative financial instruments (Note 23)				
– Interest-rate swap contracts	–	120,087	–	120,087
– Cross-currency swap contracts	–	13,141	–	13,141
Total assets	27,862	133,228	2,101	163,191
Liabilities				
Derivative financial instruments (Note 23)				
– Cross-currency swap contracts	–	10,869	–	10,869

For the year ended 31 December 2023 and 2022, there were no acquisitions, disposals and gains/losses recognised in other comprehensive income for the financial instruments in Level 3 during the year. The change in fair value of the equity and loan instruments is assessed to be immaterial.

There was no transfer between the levels of the fair value hierarchy of the Group's financial assets and liabilities during the year.

The nominal value less estimated credit adjustments of receivables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Impairment assessment of goodwill, property, plant and equipment and right-of-use assets

The Group tests whether goodwill, property, plant and equipment and right-of-use assets have suffered any impairment in accordance with the accounting policies stated in Note 2.5, Note 2.7 and Note 2.9. The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment loss, if any, is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amounts of cash-generating units are the higher of the asset's fair value less costs of disposal and value-in-use. These calculations require the use of estimates. Value-in-use calculations uses cash flow projections as at year end. The cash flow projections are derived from the approved business plan and/or updated projections. Projection for a period of greater than five years and not more than ten years in general may be used on the basis that a longer projection period represents the long-dated nature of the Group's hotel properties and is a more appropriate reflection of the future cash flows generated from the hotel operations. The Group assesses the fair value of some of its property, plant and equipment and right-of-use assets based on valuations determined by independent professional firms and qualified valuers on an open market for existing use basis or sales basis.

(b) Estimate of fair value of investment properties

The Group assesses the fair value of its investment properties based on valuations determined by independent professional qualified valuers. The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgement, consideration is given to assumptions that are mainly based on market conditions existing at the date of the statement of financial position, expected rental from future leases in the light of current market conditions and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. For investment properties under construction, the estimated costs to completion and allowances for contingencies would be taken into account.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in accordance with local tax practice and professional advice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Estimate of future redemption rate of loyalty points

The Group operates the Shangri-La Circle (formerly "**Golden Circle**"), a loyalty programme where customers mainly accumulate points from hotel stays and dinning at the Group's hotels. A contract liability for the award points expected to be redeemed is recognised at the time of sales. Revenue is subsequently recognised when the points are redeemed or when they are expired. The determination of the Shangri-La Circle revenue and the fair value of outstanding Shangri-La Circle points involves judgement and estimation of the future redemption pattern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION

The Group owns/leases and operates hotels and associated properties; and provides hotel management and related services. The Group also owns investment properties for property rentals and engages in property sales business. Most of the associates are engaged in hotel ownership, property rentals and property sales businesses and these revenues of the associates are not included in the consolidated revenue of the Group. Revenue recognised in the consolidated financial statements during the year are as follows:

	2023 USD'000	2022 USD'000
Revenue		
Hotel properties		
Revenue from rooms	1,041,003	622,975
Food and beverage sales	788,677	559,903
Rendering of ancillary services	96,600	79,143
Hotel management and related services	94,736	78,680
Property development for sale	1,620	14,865
Other business	10,845	6,878
Revenue from contracts with customers	2,033,481	1,362,444
Investment properties	108,309	99,701
Total consolidated revenue	2,141,790	1,462,145

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are USD366,295,000 (2022: USD204,463,000) and USD1,775,495,000 (2022: USD1,257,682,000), respectively.

The total of non-current assets other than financial assets at FVOCI and FVPL, derivative financial instruments and deferred income tax assets, located in Hong Kong and other countries are USD888,141,000 (2022: USD888,297,000) and USD10,386,216,000 (2022: USD10,329,967,000), respectively.

In accordance with HKFRS 8 "Operating Segments", segment information disclosed in the financial statements has been prepared in a manner consistent with the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group's revenue is derived from various external customers in which there is no significant sales revenue derived from a single external customer of the Group. The Group's management considers the business from both a geographic and business perspective.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group is managed on a worldwide basis in the following main segments:

i. **Hotel properties** – development, ownership and operation of hotel properties (including hotels under leases)
- The People's Republic of China
  - Hong Kong
  - Mainland China
- Singapore
- Malaysia
- The Philippines
- Japan
- Thailand
- France
- Australia
- United Kingdom
- Mongolia
- Sri Lanka
- Other countries (including Fiji, Myanmar, Maldives, Indonesia, Turkey and Mauritius)

ii. **Hotel management and related services** for Group-owned hotels and for hotels owned by third parties

iii. **Investment properties** – development, ownership and operation of office properties, commercial properties and serviced apartments/residences for rental purpose
- Mainland China
- Singapore
- Malaysia
- Mongolia
- Sri Lanka
- Other countries (including Australia and Myanmar)

iv. **Property development for sale** – development and sale of real estate properties

The Group is also engaged in other business including wine trading, amusement park, retail business and restaurant operation outside hotels. These other business did not have a material impact on the Group's results.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of the share of profit after tax and non-controlling interests. This measurement basis excludes the effects of land cost amortisation and project expenses, corporate expenses and other non-operating items such as fair value gains or losses on investment properties, fair value adjustments on monetary items and impairments for any isolated non-recurring event.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss

For the year ended 31 December 2023 and 2022 (USD million)

	2023		2022	
	Revenue (Note b)	Profit/(Loss) after tax (Note a)	Revenue (Note b)	Profit/(Loss) after tax (Note a)
Hotel properties				
The People's Republic of China				
Hong Kong	304.3	17.7	156.7	(35.5)
Mainland China	702.6	25.0	429.5	(145.0)
Singapore	264.0	38.7	197.4	18.6
Malaysia	104.8	7.4	77.1	(3.3)
The Philippines	134.9	8.6	79.6	(7.3)
Japan	50.4	5.2	32.7	(4.0)
Thailand	62.2	11.1	33.4	1.9
France	54.5	(4.3)	50.8	(1.6)
Australia	85.7	(1.8)	76.9	(1.2)
United Kingdom	60.9	(11.8)	55.9	(10.2)
Mongolia	20.1	(1.4)	13.5	(4.7)
Sri Lanka	33.2	(1.9)	20.3	(6.9)
Other countries	48.7	4.1	38.1	0.8
	1,926.3	96.6	1,261.9	(198.4)
Hotel management and related services	224.3	19.4	165.6	(5.7)
Sub-total hotel operation	2,150.6	116.0	1,427.5	(204.1)
Investment properties				
Mainland China	25.5	164.0	27.7	167.8
Singapore	14.2	9.4	12.1	8.7
Malaysia	4.5	0.7	4.7	0.9
Mongolia	31.2	8.4	27.1	4.5
Sri Lanka	18.5	(1.0)	12.2	(2.3)
Other countries	14.4	3.8	15.9	2.4
	108.3	185.3	99.7	182.0
Property development for sale	1.6	46.5	14.9	31.0
Other business	10.8	(4.2)	6.9	(2.8)
Total	2,271.3	343.6	1,549.0	6.1
Less: Hotel management – Inter-segment revenue	(129.5)		(86.9)	
Total external revenue	2,141.8		1,462.1	
Corporate finance costs (net)		(167.4)		(130.7)
Land cost amortisation and project expenses		(4.1)		(3.4)
Corporate expenses		(28.8)		(18.7)
Exchange losses of corporate investment holding companies		(14.3)		(14.9)
Profit/(Loss) before non-operating items		129.0		(161.6)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss (continued)

For year ended 31 December 2023 and 2022 (USD million)

	2023 Profit/(Loss) after tax (Note a)	2022 Profit/(Loss) after tax (Note a)
Profit/(Loss) before non-operating items	129.0	(161.6)
Non-operating items		
Share of net fair value gains on investment properties	75.2	89.9
Net unrealised losses on financial assets at fair value through profit or loss	(3.9)	(3.1)
Fair value adjustments on security deposit on leased premises	0.2	0.3
Net impairment losses on properties, plant and equipment	(39.0)	–
Insurance claim recovered from a bombing incident happened in 2019	–	3.0
Fair value changes on cross-currency swap contracts – non-hedging	(7.3)	7.3
Foreign exchange gain/(loss) arising from appreciation/(depreciation) of Sri Lankan rupee	29.9	(110.3)
Gain on partial disposal of interests in a subsidiary	–	10.5
Gain on disposal of fixed assets of laundry business	–	5.5
Total non-operating items	55.1	3.1
Consolidated profit/(loss) attributable to owners of the Company	184.1	(158.5)

Notes:

a. Profit/(Loss) after tax includes net of tax results from both associates and subsidiaries after share of non-controlling interests.

b. Revenue excludes revenue of associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss (continued)

For year ended 31 December 2023 and 2022 (USD million)

The Group's share of profit/(loss) of associates (excluding projects under development) by operating segments included in profit/(loss) before non-operating items in the segment profit or loss is analysed as follows:

	2023 Share of profit/(loss) of associates	2022 Share of profit/(loss) of associates
Hotel properties		
The People's Republic of China		
Hong Kong	(0.4)	(0.2)
Mainland China	7.0	(35.0)
Singapore	2.0	(1.1)
Malaysia	3.3	0.3
The Philippines	8.4	3.7
Other countries	5.2	5.2
	25.5	(27.1)
Investment properties		
Mainland China	168.5	167.0
Singapore	3.2	1.8
	171.7	168.8
Property development for sale	46.5	22.8
Other business	0.3	(0.1)
Total	244.0	164.4

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss (continued)

For year ended 31 December 2023 and 2022 (USD million)

The amount of depreciation and amortisation and income tax expense/(credit) before share of non-controlling interests included in the results of operating segments from subsidiaries (excluding projects under development) are analysed as follows:

	2023		2022	
	Depreciation and amortisation	Income tax expense/ (credit)	Depreciation and amortisation	Income tax expense/ (credit)
Hotel properties				
The People's Republic of China				
Hong Kong	36.4	1.4	35.1	(10.2)
Mainland China	102.2	25.7	111.9	(3.9)
Singapore	17.1	8.5	17.4	4.7
Malaysia	10.2	3.2	11.3	0.7
The Philippines	21.2	4.0	21.2	(6.5)
Japan	4.8	1.1	5.1	–
Thailand	4.7	5.8	4.9	(0.2)
France	6.6	–	7.1	–
Australia	11.7	0.8	12.0	0.2
United Kingdom	8.5	–	8.3	–
Mongolia	8.2	0.1	7.3	0.1
Sri Lanka	8.1	1.0	7.9	0.8
Other countries	9.2	0.6	9.2	0.1
	248.9	52.2	258.7	(14.2)
Hotel management and related services	17.5	11.7	17.4	3.1
Sub-total hotel operations	266.4	63.9	276.1	(11.1)
Investment properties				
Mainland China	–	13.2	–	10.2
Singapore	–	1.3	–	–
Malaysia	–	0.6	–	0.7
Mongolia	–	1.3	–	5.3
Sri Lanka	0.2	0.7	0.2	3.3
Other countries	0.1	(1.2)	0.1	1.5
	0.3	15.9	0.3	21.0
Property development for sale	–	2.6	–	0.8
Other business	1.6	(0.7)	1.7	–
Total	268.3	81.7	278.1	10.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets

As at 31 December 2023 and 2022 (USD million)

	As at 31 December 2023	2022
Hotel properties		
The People's Republic of China		
Hong Kong	801.0	820.5
Mainland China	2,224.3	2,288.3
Singapore	510.3	528.4
Malaysia	243.6	237.8
The Philippines	284.0	283.9
Japan	61.3	61.6
Thailand	223.9	204.7
France	251.5	254.7
Australia	298.1	293.7
United Kingdom	242.6	239.2
Mongolia	107.0	112.0
Sri Lanka	109.6	100.5
Other countries	141.3	172.9
	5,498.5	5,598.2
Investment properties		
Mainland China	645.1	608.2
Singapore	519.6	518.2
Malaysia	66.9	69.7
Mongolia	342.8	301.7
Sri Lanka	203.4	171.1
Other countries	204.6	233.0
	1,982.4	1,901.9
Property development for sale		
Mainland China	33.8	34.6
Sri Lanka	18.3	16.6
	52.1	51.2
Hotel management and related services	257.1	274.6
Less: Elimination	(57.7)	(60.3)
Total segment assets	7,732.4	7,765.6
Assets allocated to projects and other business	322.8	278.2
Unallocated assets	398.4	355.9
Intangible assets	104.7	108.8
Total assets of the Company and its subsidiaries	8,558.3	8,508.5
Interest in associates	4,304.3	4,125.0
Total assets	12,862.6	12,633.5

Unallocated assets mainly comprise other assets of the Company and non-properties holding companies of the Group as well as the financial assets at FVOCI and FVPL, derivative financial instruments and deferred income tax assets.

6 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	As at 31 December 2023 USD'000	2022 USD'000
Financial assets			
Financial assets at amortised cost			
– Other receivables	14	12,615	13,488
– Accounts receivable and deposits	15	151,445	131,351
– Amounts due from associates (including shareholder loans)	12	206,251	163,394
– Short-term fund placements	17	38,015	18,721
– Cash and bank balances	17	929,607	747,273
Financial assets at fair value through profit and loss			
– Listed shares	13	10,639	13,884
– Club debentures	13	11,563	12,902
Financial assets at fair value through other comprehensive income			
– Equity and loan instruments	13	2,101	2,101
– Listed shares	13	–	1,076
Derivate financial instruments			
– Interest-rate swap contracts	23	74,782	120,087
– Cross-currency swap contracts	23	–	13,141
Total		1,437,018	1,237,418
Financial liabilities			
Financial liabilities at amortised cost			
– Bank loans	21	4,414,401	4,479,656
– Fixed rate bonds	22	1,270,805	1,132,761
– Amounts due to non-controlling shareholders	24	44,981	51,779
– Accounts payable and accruals	26	602,816	572,620
– Lease liabilities	9	572,352	563,689
Derivate financial instruments			
– Cross-currency swap contracts	23	21,850	10,869
Total		6,927,205	6,811,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings USD'000	Vehicles and machinery USD'000	Furniture, fixtures and equipment USD'000	Properties under development USD'000	Total USD'000
At 1 January 2022					
Cost	7,132,569	899,450	1,465,494	93,271	9,590,784
Accumulated depreciation and impairment provision	(2,922,567)	(716,168)	(1,301,903)	(15,267)	(4,955,905)
Net book amount	4,210,002	183,282	163,591	78,004	4,634,879
Year ended 31 December 2022					
Balance at 1 January 2022	4,210,002	183,282	163,591	78,004	4,634,879
Exchange differences	(271,997)	(18,933)	(15,548)	(2,537)	(309,015)
Additions	4	3,605	22,104	47,063	72,776
Disposals	(1,182)	(440)	(923)	-	(2,545)
Transfer	40,470	(8,267)	13,894	(46,097)	-
Depreciation	(143,226)	(37,957)	(43,455)	-	(224,638)
Closing net book amount	3,834,071	121,290	139,663	76,433	4,171,457
At 31 December 2022					
Cost	6,754,790	784,869	1,388,460	90,922	9,019,041
Accumulated depreciation and impairment provision	(2,920,719)	(663,579)	(1,248,797)	(14,489)	(4,847,584)
Net book amount	3,834,071	121,290	139,663	76,433	4,171,457
Year ended 31 December 2023					
Balance at 1 January 2023	3,834,071	121,290	139,663	76,433	4,171,457
Exchange differences	2,697	(69)	220	(1,848)	1,000
Additions	8,412	4,068	27,747	42,727	82,954
Disposals	(1,304)	(368)	(444)	(121)	(2,237)
Impairment provision (Note 29)	(41,209)	-	-	-	(41,209)
Reversal of impairment provision (Note 29)	432	707	-	-	1,139
Transfer	47,159	(11,694)	15,457	(50,922)	-
Depreciation	(140,799)	(33,075)	(41,175)	-	(215,049)
Closing net book amount	3,709,459	80,859	141,468	66,269	3,998,055
At 31 December 2023					
Cost	6,749,010	707,981	1,487,440	80,636	9,025,067
Accumulated depreciation and impairment provision	(3,039,551)	(627,122)	(1,345,972)	(14,367)	(5,027,012)
Net book amount	3,709,459	80,859	141,468	66,269	3,998,055

(a) All depreciation expenses (net of amount capitalised of nil in 2023 (2022: USD2,000)) have been included as part of the other operating expenses.

(b) As at 31 December 2023, no bank loan (2022: USD nil) was secured by property, plant and equipment as disclosed under Note 39(c).

(c) Buildings comprise mainly hotel properties. Details of the hotel properties of the Company's subsidiaries are summarised in Note 43(a).

(d) Properties under development include construction work in progress in respect of the renovation of certain hotel properties.

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(e) The Group assesses the carrying value of property, plant and equipment; and right-of-use assets when there is any indication that the assets may be impaired. These indications include continuing adverse changes in the local market conditions in which the properties operate or will operate, or when the properties continue to operate materially behind budget. Professional valuations were carried out by independent firms of professional valuers during the year for those properties for which the internal assessment results needed independent confirmation. During the year, the Group recognised impairment losses for hotel properties owned by the Group in Maldives and Sri Lanka. These impairment losses are recognised in the consolidated statement of profit or loss under other operating expenses, to write down their carrying values of property, plant and equipment to their recoverable amounts. The recoverable amount of each hotel and property is higher of its fair value less costs of disposal and value-in-use based on the opinion of independent professional valuer obtained by the Group. The Group assesses the recoverable amount by fair value less costs of disposal. The fair value on which the recoverable amount is based on is categorised as a Level 3 measurement, and is determined by using valuation techniques principally based on discounted cash flow analysis.

Details of the impairment losses for property, plant and equipment and the recoverable amounts (for the property as a whole including the right-of-use assets) are shown below.

	Impairment loss			Unobservable inputs	
Properties	At 100% USD'000	Attributable to owners of the Company USD'000	Recoverable amount USD'000	Discount rate	Capitalisation rate
A hotel in Maldives	30,281	30,281	49,181	13%	10%
A hotel in Sri Lanka	10,928	9,835	20,465	13.5%	9%
Total	41,209	40,116	69,646		

If a higher discount rate or higher capitalisation rate is used in the calculation of the recoverable amount of each hotel and property, the Group would have to recognise additional impairment losses against property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES

	2023 USD'000	2022 USD'000
At 1 January	1,724,867	1,758,979
Exchange differences	14,204	(164,503)
Additions	69,920	68,164
Disposals	(2,040)	(2,471)
Fair value (losses)/gains (Note 30)	(3,522)	64,698
At 31 December	1,803,429	1,724,867

(a) As at 31 December 2023, all investment properties are recorded at fair value which were revalued by independent professionally qualified valuers on the basis of their market value as fully operational entities for existing use which equates to the highest and best use of the assets.

(b) Investment properties are leased to non-related parties under operating leases. The following amounts are recognised in profit and loss:

	2023 USD'000	2022 USD'000
Rental income	108,309	99,701
Direct operating expenses arising from investment properties that generate rental income	(47,280)	(42,903)
Fair value (losses)/gains recognised in profit and loss (Note 30)	(3,522)	64,698

(c) The carrying values of investment properties comprised:

	2023 USD'000	2022 USD'000
Outside Hong Kong, held on:		
Freehold	714,108	676,948
Leases of between 10 and 50 years	1,089,321	1,047,919
	1,803,429	1,724,867

(d) Details of investment properties of the Company's subsidiaries are summarised in Note 44(a).

8 INVESTMENT PROPERTIES (CONTINUED)

The following table presents the investment properties of the Company's subsidiaries that are measured at fair value at 31 December 2023 and 2022.

	Fair value measurements at 31 December 2023 using		
	Quoted prices in active markets for identical assets (Level 1) USD'000	Significant other observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000
Recurring fair value measurements			
Investment properties:			
– Office, serviced apartments, commercial complex and investment property under development in Mainland China	–	–	600,302
– Serviced apartments in Singapore	–	–	483,561
– Office, serviced apartments and commercial complex in Mongolia	–	–	302,239
– Office, serviced apartments and commercial complex in Sri Lanka	–	–	167,867
– Office, serviced apartments and commercial complex in other regions	–	–	249,460
	–	–	1,803,429

	Fair value measurements at 31 December 2022 using		
	Quoted prices in active markets for identical assets (Level 1) USD'000	Significant other observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000
Recurring fair value measurements			
Investment properties:			
– Office, serviced apartments, commercial complex and investment property under development in Mainland China	–	–	570,170
– Serviced apartments in Singapore	–	–	474,603
– Office, serviced apartments and commercial complex in Mongolia	–	–	267,984
– Office, serviced apartments and commercial complex in Sri Lanka	–	–	137,017
– Office, serviced apartments and commercial complex in other regions	–	–	275,093
	–	–	1,724,867

The fair value of an asset to be transferred between the levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1, 2 and 3 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES (CONTINUED)

The following table shows a reconciliation of Level 3 fair values using significant unobservable inputs.

	Office, serviced apartments, commercial complex and investment property under development in Mainland China USD'000	Serviced apartments in Singapore USD'000	Office, serviced apartments and commercial complex in Mongolia USD'000	Office, serviced apartments and commercial complex in Sri Lanka USD'000	Office, serviced apartments and commercial complex in other regions USD'000	Total USD'000
At 1 January 2022	544,051	411,128	281,791	237,017	284,992	1,758,979
Additions	70,335	533	(2,941)	–	237	68,164
Disposals	(10)	(187)	(2,098)	–	(176)	(2,471)
Changes in fair value	2,232	58,661	2,979	6,234	(5,408)	64,698
Exchange differences	(46,438)	4,468	(11,747)	(106,234)	(4,552)	(164,503)
At 31 December 2022 and 1 January 2023	570,170	474,603	267,984	137,017	275,093	1,724,867
Additions	68,358	598	750	–	214	69,920
Disposals	(11)	(177)	(1,852)	–	–	(2,040)
Changes in fair value	(28,881)	1,069	34,581	13,046	(23,337)	(3,522)
Exchange differences	(9,334)	7,468	776	17,804	(2,510)	14,204
At 31 December 2023	600,302	483,561	302,239	167,867	249,460	1,803,429

8 INVESTMENT PROPERTIES (CONTINUED)

The following table shows the valuation techniques used by the valuers in the determination of Level 3 fair values. There were no significant changes to the valuation techniques during the year.

Description	Fair value at 31 December 2023 USD'000	Valuation technique	Unobservable inputs	
Mainland China				
- Office, serviced apartments, commercial complex and investment property under development	600,302	Direct comparison approach and income capitalisation approach	Rental rate from USD7 to USD36 per sq.m per month and occupancy from 80% to 95%	Capitalisation rate in the range of 4% to 9%
Singapore				
- Serviced apartments	483,561	Direct comparison approach and income capitalisation approach	Rental rate from USD292 to USD352 per room per day and occupancy 84%	Capitalisation rate of 3%
Mongolia				
- Office, serviced apartments and commercial complex	302,239	Direct comparison approach and income capitalisation approach	Rental rate from USD24 to USD39 per sq.m. per month and occupancy from 83% to 98%	Capitalisation rate in the range of 5.75% to 9.5%
Sri Lanka				
- Office, serviced apartments and commercial complex	167,867	Direct comparison approach and income capitalisation approach	Rental rate from USD15 to USD19 per sq.m. per month and occupancy 85%	Capitalisation rate in the range of 7.75% to 8.5%
Other regions				
- Office, serviced apartments and commercial complex	249,460	Direct comparison approach and income capitalisation approach	Rental rate from USD11 to USD36 per sq.m. per month and occupancy from 60% to 90%	Capitalisation rate in the range of 5.5% to 7.75%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES (CONTINUED)

Description	Fair value at 31 December 2022 USD'000	Valuation technique	Unobservable inputs	
Mainland China				
- Office, serviced apartments, commercial complex and investment property under development	570,170	Direct comparison approach and income capitalisation approach	Rental rate from USD11 to USD39 per sq.m per month and occupancy from 88% to 95%	Capitalisation rate in the range of 4% to 9%
Singapore				
- Serviced apartments	474,603	Direct comparison approach and income capitalisation approach	Rental rate from USD267 to USD321 per room per day and occupancy from 77% to 84%	Capitalisation rate of 3%
Mongolia				
- Office, serviced apartments and commercial complex	267,984	Direct comparison approach and income capitalisation approach	Rental rate from USD19 to USD32 per sq.m. per month and occupancy from 83% to 98%	Capitalisation rate in the range of 5.75% to 9.25%
Sri Lanka				
- Office, serviced apartments and commercial complex	137,017	Direct comparison approach and income capitalisation approach	Rental rate from USD13 to USD17 per sq.m. per month and occupancy 85%	Capitalisation rate in the range of 7.5% to 8.5%
Other regions				
- Office, serviced apartments and commercial complex	275,093	Direct comparison approach and income capitalisation approach	Rental rate from USD13 to USD29 per sq.m. per month and occupancy from 52% to 90%	Capitalisation rate in the range of 4% to 8.15%

Under the income capitalisation approach, fair value is determined by discounting the projected cash flow streams with the properties using risk-adjusted discount rate. An exit or terminal value projected based on capitalisation rate is also included in the projection. The valuation takes into account expected market rental rate and occupancy rate of the respective properties. The capitalisation rates used are based on the quality and location of the properties and taking into account market data at the valuation date. The fair value measurement is positively correlated to the rental rate and occupancy rate, and negatively correlated to the capitalisation rate and discount rate.

8 INVESTMENT PROPERTIES (CONTINUED)

Under the direct comparison approach, fair value is determined with reference to recent sales price of comparable properties in nearby locations and adjusting a premium or a discount specific to the quality of the respective properties compared to the recent sales. Higher premium for higher quality properties will result in a higher fair value measurement.

For valuation of investment properties under development, estimated cost to completion together with developer's profit and risk margins are deducted from the estimated capital value of the proposed development by reference to its development potential assuming completed as at the date of valuation.

9 LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following carrying amounts relating to leases:

	31 December 2023 USD'000	31 December 2022 USD'000
Right-of-use assets		
Leasehold land and land use rights	784,476	807,014
Buildings	265,192	264,411
Motor vehicles	466	497
Others	1,211	2,759
	1,051,345	1,074,681
Lease liabilities		
Current	41,792	44,729
Non-current	530,560	518,960
	572,352	563,689

Additions to the right-of-use assets during the year ended 31 December 2023 were USD19,013,000 (2022: USD18,978,000).

The Group assesses the carrying value of property, plant and equipment; and right-of-use asset as per accounting policies. Professional valuations were carried out by independent professional firms during the year for those properties for which the internal assessment results needed independent confirmation. The Group has performed an impairment assessment on the right-of-use assets where impairment indicators exist.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 LEASES (CONTINUED)

(b) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following expenses relating to leases:

	2023 USD'000	2022 USD'000
Depreciation charge of right-of-use assets		
Leasehold land and land use rights	24,646	24,816
Buildings	17,613	18,712
Motor vehicles	196	130
Others	1,916	2,564
	44,371	46,222
Interest expenses on lease liability (included in finance cost)	27,801	28,120
Expense relating to short-term leases and variable lease payments not included in lease liabilities	32,381	19,658

Total cash outflow for leases in respect of lease liability in 2023 was USD45,181,000 (2022: USD44,499,000) and the total cash outflow for leases including short-term leases and variable lease payment was USD77,562,000 (2022: USD64,157,000).

10 INTANGIBLE ASSETS

	Goodwill USD'000	Trademark and licences USD'000	Website and system development USD'000	Total USD'000
At 1 January 2022				
Cost	88,406	11,958	32,883	133,247
Accumulated amortisation	–	(9,084)	(14,139)	(23,223)
Net book amount	88,406	2,874	18,744	110,024
Year ended 31 December 2022				
Opening net book amount	88,406	2,874	18,744	110,024
Exchange difference	(394)	–	–	(394)
Additions	–	–	6,986	6,986
Amortisation expenses	–	(568)	(7,244)	(7,812)
Closing net book amount	88,012	2,306	18,486	108,804
At 31 December 2022				
Cost	88,012	11,958	39,840	139,810
Accumulated amortisation	–	(9,652)	(21,354)	(31,006)
Net book amount	88,012	2,306	18,486	108,804
Year ended 31 December 2023				
Opening net book amount	88,012	2,306	18,486	108,804
Exchange difference	344	–	(2)	342
Additions	–	–	4,934	4,934
Amortisation expenses	–	(568)	(8,851)	(9,419)
Closing net book amount	88,356	1,738	14,567	104,661
At 31 December 2023				
Cost	88,356	11,958	44,757	145,071
Accumulated amortisation	–	(10,220)	(30,190)	(40,410)
Net book amount	88,356	1,738	14,567	104,661

The principal component of goodwill represented the excess of cost of acquisition of the hotel management group over the fair value of the identified net assets acquired. Due to the synergies of the combination of the hotel operation and hotel management sub-groups, the goodwill impairment assessment is based on the future cash flow generated from the hotel management group using a value-in-use model. The cash flow uses a terminal growth rate of 4% per annum (2022: 4% per annum) and a discount rate of 8% per annum (2022: 8% per annum). The future cash flow is based on the recent forecasts taking into account the terms and final maturities of all existing management agreements, the past performance of the hotels and the prevailing market conditions. In view of the cash flow projection, no provision for impairment losses is considered necessary after reviewing the impairment assessment. Reasonably possible changes for other key assumptions have been considered and assessed and no instances have been identified that could cause the carrying amount of the goodwill to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 SUBSIDIARIES

(a) Details of principal subsidiaries are set out in Note 42(a).

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2023 is USD245,623,000 (2022: USD170,474,000), of which USD141,343,000 (2022: USD145,758,000) is attributable to Shangri-La Hotels (Malaysia) Berhad Group (which is the Malaysia listed group), and USD-6,091,000 (2022: USD-5,265,000) is attributable to Shangri-La International Hotels (Pacific Place) Limited (which owns Island Shangri-La in Hong Kong). The remaining non-controlling interests in respect of other subsidiaries are not material in terms of profit contribution.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These summarised financial information are based on the local financial statements of the relevant subsidiaries after adjustments for compliance with the Group's accounting policies.

Summarised statement of financial position as at 31 December

	Shangri-La Hotels (Malaysia) Berhad		Shangri-La International Hotels (Pacific Place) Limited	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000
Current				
Assets	50,431	31,904	15,222	15,200
Liabilities	(77,161)	(72,198)	(26,052)	(22,120)
Total net current liabilities	(26,730)	(40,294)	(10,830)	(6,920)
Non-current				
Assets	303,567	326,250	159,786	153,598
Liabilities	(8,540)	(8,697)	(179,409)	(173,001)
Total net non-current assets/(liabilities)	295,027	317,553	(19,623)	(19,403)
Net assets/(liabilities)	268,297	277,259	(30,453)	(26,323)
Attributable to:				
Owners of the Company	126,954	131,501	(24,362)	(21,058)
Non-controlling interests	141,343	145,758	(6,091)	(5,265)
	268,297	277,259	(30,453)	(26,323)

11 SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

Summarised statement of comprehensive income for the year ended 31 December

	Shangri-La Hotels (Malaysia) Berhad		Shangri-La International Hotels (Pacific Place) Limited	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000
Revenue	110,331	82,364	116,844	54,411
Profit/(Loss) before income tax	7,742	(4,721)	(4,760)	(24,766)
Income tax (expense)/credit	(3,795)	(1,368)	630	4,737
Other comprehensive loss	(12,909)	(17,334)	–	–
Total comprehensive loss	(8,962)	(23,423)	(4,130)	(20,029)
Attributable to:				
Owners of the Company	(4,547)	(10,870)	(3,304)	(16,023)
Non-controlling interests	(4,415)	(12,553)	(826)	(4,006)
	(8,962)	(23,423)	(4,130)	(20,029)
Dividends paid to non-controlling interests	–	–	–	–

Summarised cash flow statement for the year ended 31 December

	Shangri-La Hotels (Malaysia) Berhad		Shangri-La International Hotels (Pacific Place) Limited	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000
Net cash generated from/(used in) operating activities	24,319	11,667	15,608	(17,578)
Net cash used in investing activities	(7,309)	(3,124)	(18,413)	(33,687)
Net cash generated from/(used in) financing activities	1,779	(1,331)	6,315	42,582
Net increase/(decrease) in cash and cash equivalents	18,789	7,212	3,510	(8,683)
Cash and cash equivalents at beginning of the year	24,975	18,823	7,640	16,323
Exchange losses on cash and cash equivalents	(1,110)	(1,060)	–	–
Cash and cash equivalents at end of the year	42,654	24,975	11,150	7,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INTEREST IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES

	2023 USD'000	2022 USD'000
Interest in associates		
Balance at 1 January	3,970,704	4,180,067
Share of profit of associates (Note 34)		
– profit before taxation	468,253	270,214
– taxation	(144,435)	(79,442)
	323,818	190,772
Exchange difference	(77,599)	(353,386)
Effect of hyperinflation	7,653	53,713
Dividends declared by associates	(88,776)	(115,490)
Equity injection to an associate	17,162	–
Capital reduction from associates	(36,084)	–
Recognition of interest in an associate arising from partial disposal of a subsidiary	–	15,028
Investment in associates under equity method	4,116,878	3,970,704
Equity loans (Note (a))	107,719	98,811
Other long term shareholder loans (Note (b))	79,655	55,452
	4,304,252	4,124,967
Amounts due from associates (Note (c))	126,596	107,942

Notes:

(a) Equity loans are unsecured, interest-free and with no repayment obligations.

(b) Other long term shareholder loans are interest bearing at:

	2023 USD'000	2022 USD'000
– HIBOR plus 1.5% per annum and wholly repayable on 15 May 2024 (in Hong Kong dollars)	–	3,250
– HIBOR plus 1.5% per annum and wholly repayable on 15 May 2026 (in Hong Kong dollars)	36,982	36,982
– HIBOR plus 1% per annum and wholly repayable on 17 July 2028 (in Hong Kong dollars)	23,613	–
– Fixed rate at 2.025% per annum and wholly repayable on 16 November 2024 (in Renminbi)	–	2,010
– Fixed rate at 1% per annum and wholly repayable on 21 April 2026 (in Renminbi)	10,589	10,769
– Fixed rate at 2.1465% per annum and wholly repayable on 8 December 2027 (in Renminbi)	8,471	2,441
	79,655	55,452

Other long term shareholder loans are unsecured and not repayable within the next twelve months from the end of the reporting period. The fair values of other long term shareholder loans are not materially different from their carrying amounts.

12 INTEREST IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES (CONTINUED)

Notes: (continued)

(c) Amounts due from associates are unsecured and with the following terms:

	2023 USD'000	2022 USD'000
– HIBOR plus 1% per annum and wholly repayable on 17 July 2023 (in Hong Kong dollars)	–	23,613
– HIBOR plus 1.5% per annum and wholly repayable on 15 May 2024 (in Hong Kong dollars)	3,250	–
– Fixed rate at 2.025% per annum and wholly repayable on 31 December 2023 (in Renminbi)	–	388
– Fixed rate at 2.025% per annum and wholly repayable on 16 November 2024 (in Renminbi)	1,977	–
– Fixed rate at 1.8% per annum and wholly repayable on 1 December 2024 (in Renminbi)	31,768	–
– Fixed rate at 2.0034% per annum and wholly repayable on 25 December 2024 (in Renminbi)	3,389	–
– PBOC rate per annum and wholly repayable on 31 December 2023 (in Renminbi)	–	21,322
– PBOC rate per annum and wholly repayable on 31 December 2024 (in Renminbi)	20,967	–
– interest-free and repayable within one year	65,245	62,619
	126,596	107,942

(d) The maximum exposure to credit risk at the reporting date is the fair value of the long term shareholder loans of USD79,655,000 (2022: USD55,452,000) and amounts due from associates of USD126,596,000 (2022: USD107,942,000).

(e) The Group's proportionate share of the carrying value of properties, plant and equipment and right-of-use assets owned by the Group's associates amounted to USD947,368,000 and USD14,057,000 respectively (2022: USD1,001,278,000 and USD17,935,000 respectively). The Group's proportionate share of the fair value of investment properties owned by the Group's associates amounted to USD4,112,339,000 (2022: USD4,067,156,000).

(f) Set out below are the associates of the Group as at 31 December 2023, which, in the opinion of the directors, are material to the Group. The associates as listed below are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Nature of investment in the associates as at 31 December 2023 and 2022:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the business	Measurement method
China World Trade Center Limited	The People's Republic of China	50 Note (i)	Note (ii)	Equity
Shanghai Ji Xiang Properties Co, Limited	The People's Republic of China	49	Note (ii)	Equity

Notes:

(i) China World Trade Center Limited is considered as an associate instead of a joint venture as the Group only has significant influence over China World Trade Center Limited due to its board composition, even though the Group holds 50% equity interest.

(ii) China World Trade Center Limited owns the complex of China World Trade Center in Beijing and Shanghai Ji Xiang Properties Co, Limited owns the Jing An Shangri-La, Shanghai and Jing An Kerry Centre – Phase II in Shanghai and both of them operate hotels and investment properties in Mainland China.

Summarised financial information for associates as at 31 December

Set out below are the summarised financial information for China World Trade Center Limited and Shanghai Ji Xiang Properties Co, Limited which are accounted for using the equity method. These summarised financial information are based on the local financial statements of the relevant associates after adjustments for compliance with the Group's accounting policies.

	China World Trade Center Limited		Shanghai Ji Xiang Properties Co, Limited	
	As at 31 December		As at 31 December	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000
Current				
Assets	725,500	629,807	154,330	123,118
Liabilities	(283,739)	(282,696)	(157,859)	(177,043)
Net current assets/(liabilities)	441,761	347,111	(3,529)	(53,925)
Non-current				
Assets	5,773,992	5,705,545	1,966,507	1,956,438
Liabilities	(2,200,347)	(2,207,439)	(398,347)	(441,053)
Net non-current assets	3,573,645	3,498,106	1,568,160	1,515,385
Net assets	4,015,406	3,845,217	1,564,631	1,461,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INTEREST IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES (CONTINUED)

Notes: (continued)

(f) (continued)

Summarised statement of comprehensive income for the year ended 31 December

	China World Trade Center Limited		Shanghai Ji Xiang Properties Co, Limited	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000
Revenue	638,412	588,609	205,019	156,549
Profit before tax (including fair value gains on investment properties)	417,177	247,244	172,158	128,553
Income tax expense	(102,980)	(62,072)	(44,203)	(33,154)
Other comprehensive loss	(61,061)	(333,849)	(24,784)	(134,234)
Total comprehensive income/(loss)	253,136	(148,677)	103,171	(38,835)
Dividends received from associates (net of tax)	37,703	40,149	18,798	19,965

Reconciliation of summarised financial information as at 31 December

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associates.

	China World Trade Center Limited		Shanghai Ji Xiang Properties Co, Limited	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000
Closing net assets	4,015,406	3,845,217	1,564,631	1,461,460
Respective equity interest	50%	50%	49%	49%
Interest in associates	2,007,703	1,922,609	766,669	716,115
Goodwill	–	–	290	290
Carrying amount	2,007,703	1,922,609	766,959	716,405

(g) The Group has interests in a number of individually immaterial associates that are accounted for using the equity method. The aggregated financial information on these associates are as follows:

	2023 USD'000	2022 USD'000
Aggregate carrying amount of individually immaterial associates	1,529,590	1,485,953
Aggregate amounts of the Group's share of		
Profit after tax	104,022	51,440
Other comprehensive loss	(27,721)	(123,650)
Total comprehensive income/(loss)	76,301	(72,210)

There were no contingent liabilities relating to the Group's interest in associates as at 31 December 2023 and 2022.

13 FINANCIAL ASSETS

	2023 USD'000	2022 USD'000
Non-current		
Financial assets at fair value through other comprehensive income		
– Equity and loan instruments	2,101	2,101
– Shares listed outside Hong Kong	–	1,076
	2,101	3,177
Financial assets at fair value through profit and loss		
– Club debentures	11,563	12,902
Total	13,664	16,079
Current		
Financial assets at fair value through profit and loss		
– Shares listed in Hong Kong	10,639	13,884
Total	10,639	13,884

During the year ended 31 December 2023 and 2022, there were no additions of financial assets.

During the year ended 31 December 2023, financial assets at fair value through other comprehensive income amounting to USD1,076,000 (2022: USD4,082,000) were disposed at sale proceeds of USD1,223,000 (2022: USD3,546,000). The maximum exposure to credit risk at the reporting date is the fair value of the financial assets mentioned above.

14 OTHER RECEIVABLES

	2023 USD'000	2022 USD'000
Security deposit on leased premises	12,615	13,488

The following interest-free security deposits were paid to the lessors of the leased premises and will only be recoverable after expiry of the lease.

- JPY1,751,000,000 (equivalent to USD12,357,000) (31 December 2022: JPY1,751,000,000 (equivalent to USD13,277,000))

- RMB10,000,000 (equivalent to USD1,412,000) (31 December 2022: RMB10,000,000 (equivalent to USD1,436,000))

The effective interest rate applied to calculate the fair value upon initial recognition of the deposit is 0.556% and 4.15% per annum, respectively.

The fair values of these other receivables are not materially different from their carrying values.

The maximum exposure to credit risk at the reporting date is the fair value of other receivables mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	2023 USD'000	2022 USD'000
Trade receivables	95,811	90,031
Less: Provision for impairment of receivables	(12,123)	(13,588)
Trade receivables – net (note (b))	83,688	76,443
Other receivables	62,407	54,908
Prepayments and other deposits	90,027	77,675
	236,122	209,026

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

(a) The fair values of the trade and other receivables are not materially different from their carrying values.

(b) A significant part of the Group's sales are by credit cards or against payment of deposits. The remaining amounts are with general credit term of 30 days. The Group has a defined credit policy. The ageing analysis of the trade receivables based on invoice date after provision for impairment is as follows:

	2023 USD'000	2022 USD'000
0 – 3 months	63,275	64,258
4 – 6 months	8,140	7,991
Over 6 months	12,273	4,194
	83,688	76,443

15 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS (CONTINUED)

(b) (continued)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2023 USD'000	2022 USD'000
Hong Kong dollars	26,380	14,492
United States dollars	4,552	7,111
Renminbi	35,041	45,084
Singapore dollars	22,510	20,507
Malaysian ringgit	5,014	4,473
Thai baht	3,153	3,162
Philippine pesos	10,668	8,559
Japanese yen	4,962	4,516
Euros	4,974	5,664
Australian dollars	3,144	2,341
British pounds	2,878	2,560
Mongolian tugrik	3,844	661
Sri Lankan rupee	12,408	6,530
Other currencies	6,567	5,691
	146,095	131,351

Movements on the Group's provision for impairment of trade receivables are as follows:

	2023 USD'000	2022 USD'000
At 1 January	13,588	13,810
Exchange differences	95	(22)
Provision for receivables impairment	747	1,320
Receivables written off during the year as uncollectible	(317)	(766)
Unused amounts reversed	(1,990)	(754)
At 31 December	12,123	13,588

The creation and release of provision for impaired receivables have been included in "administrative expenses" in the consolidated statement of profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTIES FOR SALE

	2023 USD'000	2022 USD'000
Located in		
– Mainland China	33,778	34,606
– Sri Lanka	18,347	16,571
	52,125	51,177

These properties held for sale include the cost of the underlying land on which the properties are developed.

17 CASH, BANK BALANCES AND OTHER LIQUID FUNDS

	2023 USD'000	2022 USD'000
Cash at bank and in hand	432,768	401,552
Short-term bank deposits	496,839	345,721
Cash and bank balances	929,607	747,273
Short-term fund placements (note)	38,015	18,721
Cash and bank balances and short-term fund placements	967,622	765,994
Maximum exposure to credit risk for all balances at bank and short-term fund placements	964,837	762,768

Note: Short-term fund placements represent investment in highly liquid money market instruments. This investment is readily convertible to cash within 3 months and has insignificant risk of changes in value.

The effective interest rate on short-term bank deposits was 2.94% per annum (2022: 0.68% per annum); these deposits have an average maturity of 2.2 months (2022: 0.8 months).

Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	2023 USD'000	2022 USD'000
Cash and bank balances and short-term fund placements (as above)	967,622	765,994
Less: Bank deposits with original maturities over 3 months	(96,825)	(12,992)
Cash and cash equivalents	870,797	753,002

18 SHARE CAPITAL AND PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEME

	Number of shares '000	Amount: Ordinary shares USD'000	Amount: Share premium USD'000	Amount: Total USD'000
Share capital and premium				
Authorised – Ordinary shares of HKD1 each				
At 1 January 2022, 31 December 2022 and 31 December 2023	5,000,000	646,496	–	646,496
Issued and fully paid – Ordinary shares of HKD1 each				
At 1 January 2022, 31 December 2022 and 31 December 2023	3,585,525	462,904	2,739,091	3,201,995
Shares held for share award scheme				
At 1 January 2022	(2,477)	(319)	(2,539)	(2,858)
Shares purchase for share award scheme	(8,931)	(1,152)	(4,987)	(6,139)
Vesting of shares under share award scheme	2,274	293	2,593	2,886
At 31 December 2022 and 1 January 2023	(9,134)	(1,178)	(4,933)	(6,111)
Shares purchase for share award scheme	(16,882)	(2,178)	(11,722)	(13,900)
Vesting of shares under share award scheme	5,204	671	3,695	4,366
At 31 December 2023	(20,812)	(2,685)	(12,960)	(15,645)

As at 31 December 2023, except for shares held for share award scheme as shown above, 10,501,055 (2022: 10,501,055) ordinary shares in the Company were held by a subsidiary which was acquired in late 1999. The cost of these shares was recognised in equity in prior years.

Share awards

During the year ended 31 December 2023, the share award scheme of the Group acquired 16,882,000 ordinary shares in the Company through purchases on the open market and 5,204,000 shares were transferred to the awardees upon vesting of the awarded shares. The remaining 20,812,000 shares were held in trust under the share award scheme as at 31 December 2023. Details of the share award scheme were disclosed in Note 19 to this consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 SHARE CAPITAL AND PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEME (CONTINUED)

Share options

The shareholders of the Company approved the adoption of a share option scheme on 28 May 2012 ("**Share Option Scheme**"). The options granted on 23 August 2013 under the Share Option Scheme are immediately exercisable on the grant date and have a contractual option term of ten years with 22 August 2023 being the last exercisable date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

No share option was exercised during the year ended 31 December 2023 (2022: Nil).

Movements of the number of outstanding option shares with exercise price of HKD12.11 per option share and their related weighted average exercise prices are as follows:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Weighted average exercise price in HKD per option share	Number of outstanding option shares	Weighted average exercise price in HKD per option share	Number of outstanding option shares
At 1 January	12.11	6,508,000	12.11	6,508,000
Exercised	–	–	–	–
Lapsed	12.11	(6,508,000)	–	–
At 31 December	–	–	12.11	6,508,000

The term of the Share Option Scheme already expired on 28 May 2022 and no new option was granted during the year ended 31 December 2023 and 2022. All the outstanding options granted were lapsed upon the last exercisable date of 22 August 2023.

19 SHARE AWARD SCHEME

The Group operates the share award scheme as part of the benefits for its employees and the Company's directors which allows shares of the Company to be granted to the awardees. The awarded shares are purchased on the open market and held in trust before vesting.

Most of the awarded shares vest progressively over the vesting period after the awards are granted and the ultimate number of shares being vested is conditional upon the passage of time and/or is conditional on the satisfaction of performance conditions set by the management of the Group.

The fair values of the awarded shares granted are based on the quoted market price of the Company on the grant dates which are amortised over the relevant vesting periods. For the year ended 31 December 2023, a total of 18,930,100 shares and 5,204,000 shares were granted and vested to the qualified awardees, respectively. A total of 20,812,000 shares were held in trust under the share award scheme as at 31 December 2023. During the year, an expense of USD7,889,000(2022: USD5,241,000) for the award shares granted was charged to the consolidated statement of profit or loss.

19 SHARE AWARD SCHEME (CONTINUED)

Details of the awarded shares granted and vested during 2023 and 2022 are as follows:

Grant date	Fair value per share	Number of awarded shares granted	Maximum deliverable awarded shares on grant date subject to adjustment	Number of awarded shares vested			Vesting period
				Before 2022	2022	2023	
In year 2019							
1 Apr 2019	HKD11.56	1,477,169	2,338,000	923,000	192,000	–	1 Apr 2019 to 1 Apr 2022
15 Jun 2019	HKD9.45	1,547,200	2,754,000	112,000	158,000	–	15 Jun 2019 to 1 Apr 2022
30 Jun 2019	HKD9.85	751,515	1,292,000	108,000	36,000	–	30 Jun 2019 to 1 Apr 2022
1 Nov 2019	HKD8.41	494,000	494,000	372,000	60,000	–	1 Nov 2019 to 1 Apr 2022
Total for 2019		4,269,884	6,878,000				
In year 2020							
30 Sep 2020	HKD6.34	214,000	214,000	214,000	–	–	Nil
Total for 2020		214,000	214,000				
In year 2021							
1 Apr 2021	HKD7.86	52,000	52,000	52,000	–	–	Nil
7 Jun 2021	HKD7.27	5,986,000	5,986,000	64,000	1,740,000	1,522,000	7 Jun 2021 to 7 Jun 2024
15 Oct 2021	HKD6.35	80,000	80,000	80,000	–	–	Nil
15 Oct 2021	HKD6.35	268,000	268,000	–	88,000	72,000	15 Oct 2021 to 15 Oct 2024
Total for 2021		6,386,000	6,386,000				
In year 2022							
6 May 2022	HKD5.85	12,458,000	12,458,000	–	–	3,610,000	6 May 2022 to 6 May 2025
Total for 2022		12,458,000	12,458,000				
In year 2023							
17 Jul 2023	HKD6.37	18,930,100	18,930,100	–	–	–	17 Jul 2023 to 17 Jul 2026
Total for 2023		18,930,100	18,930,100				
Grand Total		42,257,984	44,866,100	1,925,000	2,274,000	5,204,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 OTHER RESERVES

	Share option reserve USD'000	Share award reserve USD'000
Balance at 31 December 2021 and 1 January 2022	6,216	2,450
Currency translation differences	–	–
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	–	–
Fair value changes of financial assets at fair value through other comprehensive income	–	–
Transfer gain on change in fair value of equity instruments sold to retained earnings	–	–
Share-based compensation under share award scheme	–	5,241
Vesting of shares under share award scheme	–	(2,294)
Balance at 31 December 2022 and 1 January 2023	6,216	5,397
Currency translation differences	–	–
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	–	–
Fair value changes of financial assets at fair value through other comprehensive income	–	–
Transfer gain on change in fair value of equity instruments sold to retained earnings	–	–
Transfer from share option reserve to retained earnings	(6,216)	–
Share-based compensation under share award scheme	–	7,889
Vesting of shares under share award scheme	–	(4,212)
Balance at 31 December 2023	–	9,074

Notes:

(a) A subsidiary in Thailand is required by local law to appropriate certain percentage of its annual net profits as other reserve until the reserve reaches 10 percent of its registered share capital. This reserve is not available for dividend distribution.

(b) The contributed surplus of the Group arose when the Group issued shares in exchange for the shares of companies being acquired, and represented the difference between the nominal value of the Company's issued shares and the value of net assets of the companies acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At the Group level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries, whenever appropriate.

Hedging reserve USD'000	Investment reserve USD'000	Capital redemption reserve USD'000	Exchange fluctuation reserve USD'000	Capital reserve USD'000	Asset revaluation reserve USD'000	Other reserve USD'000 (Note (a))	Contributed surplus USD'000 (Note (b))	Total USD'000
(37,701)	2,653	10,666	75,553	601,490	20,823	1,368	389,741	1,073,259
–	–	–	(650,836)	–	–	–	–	(650,836)
145,939	–	–	–	–	–	–	–	145,939
–	(125)	–	–	–	–	–	–	(125)
–	(2,337)	–	–	–	–	–	–	(2,337)
–	–	–	–	–	–	–	–	5,241
–	–	–	–	–	–	–	–	(2,294)
108,238	191	10,666	(575,283)	601,490	20,823	1,368	389,741	568,847
–	–	–	(110,684)	–	–	–	–	(110,684)
(48,983)	–	–	–	–	–	–	–	(48,983)
–	10	–	–	–	–	–	–	10
–	(201)	–	–	–	–	–	–	(201)
–	–	–	–	–	–	–	–	(6,216)
–	–	–	–	–	–	–	–	7,889
–	–	–	–	–	–	–	–	(4,212)
59,255	–	10,666	(685,967)	601,490	20,823	1,368	389,741	406,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 BANK LOANS

	2023 USD'000	2022 USD'000
Bank loans – secured (Note 39(c))	–	–
Bank loans – unsecured	4,414,401	4,479,656
Total	4,414,401	4,479,656
Less: Non-current portion	(3,907,801)	(3,527,212)
Current portion	506,600	952,444

The maturity of bank loans is as follows:

	2023 USD'000	2022 USD'000
Within 1 year	506,600	952,444
Between 1 and 2 years	391,503	859,014
Between 2 and 5 years	3,319,141	2,506,006
Repayable within 5 years	4,217,244	4,317,464
Over 5 years	197,157	162,192
	4,414,401	4,479,656

The effective interest rates at the date of the statement of financial position were as follows:

	31 December 2023							
	HKD	RMB	USD	EUR	JPY	AUD	FJD	SGD
Bank loans	6.48%	4.47%	6.50%	5.01%	0.77%	5.63%	3.75%	4.74%

	31 December 2022							
	HKD	RMB	USD	EUR	JPY	AUD	FJD	SGD
Bank loans	5.36%	4.78%	4.98%	1.30%	0.77%	2.19%	4.25%	3.59%

The carrying amounts of the bank loans approximate their fair values and are denominated in the following currencies:

	2023 USD'000	2022 USD'000
Hong Kong dollars (HKD)	1,236,490	1,579,537
Renminbi (RMB)	1,210,397	560,865
United States dollars (USD)	1,680,957	2,065,572
Euros (EUR)	83,056	80,111
Japanese yen (JPY)	107,847	110,316
Australian dollars (AUD)	54,735	53,735
Fijian dollars (FJD)	7,207	12,738
Singapore dollars (SGD)	33,712	16,782
	4,414,401	4,479,656

21 BANK LOANS (CONTINUED)

The Group has the following undrawn borrowing facilities:

	2023 USD'000	2022 USD'000
Floating rate		
– expiring within one year	14,810	236,425
– expiring beyond one year	938,901	736,628
Fixed rate		
– expiring within one year	–	–
– expiring beyond one year	635,351	–
	1,589,062	973,053

22 FIXED RATE BONDS

In August 2023, a wholly owned subsidiary of the Company issued 5-year fixed rate bonds in an aggregated amount of SGD160,000,000 (equivalent to USD120,156,000) at 100% of the face value with a coupon rate of 4.40% per annum. In 2022, no new fixed rate bonds is issued.

The fixed rate bonds recognised in the consolidated statement of financial position are as follows:

	Coupon rate per annum	Maturity	Balance as at 31 December 2022 USD'000	New issuance during the year USD'000	Exchange differences USD'000	Balance as at 31 December 2023 USD'000
Bonds issued in 2018						
SGD825,000,000	4.50%	November 2025	615,350	–	9,650	625,000
USD35,000,000	5.23%	November 2025	35,000	–	–	35,000
Bonds issued in 2019						
SGD135,000,000	3.70%	June 2024	100,694	–	1,579	102,273
SGD165,000,000	4.10%	June 2027	123,070	–	1,930	125,000
Bonds issued in 2020						
SGD250,000,000	3.50%	January 2030	186,470	–	2,924	189,394
Bonds issued in 2021						
SGD100,000,000	3.50%	January 2030	74,588	–	1,170	75,758
Bonds issued in 2023						
SGD160,000,000	4.40%	August 2028	–	120,156	1,056	121,212
Face value			1,135,172	120,156	18,309	1,273,637
Unamortised discount and issuing expenses			(2,411)			(2,832)
Carrying amount			1,132,761			1,270,805
Less: Non-current portion			(1,132,761)			(1,168,534)
Current portion			–			102,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 DERIVATIVE FINANCIAL INSTRUMENTS

	2023 USD'000	2022 USD'000
Non-current assets		
Interest-rate swap contracts		
– cash flow hedge	42,173	74,975
Current assets		
Interest-rate swap contracts		
– cash flow hedge	32,609	45,112
Cross-currency swap contracts		
– held for trading	–	13,141
	32,609	58,253
Total assets	74,782	133,228
Non-current liabilities		
Cross-currency swap contracts		
– hedge of a net investment in a foreign operation	13,211	6,972
– held for trading	454	728
	13,665	7,700
Current liabilities		
Cross-currency swap contracts		
– hedge of a net investment in a foreign operation	6,628	2,861
– held for trading	1,557	308
	8,185	3,169
Total liabilities	21,850	10,869

Interest-rate swap contracts

The Group has endeavoured to hedge its medium term interest rate risk by entering into fixed HIBOR and SOFR interest-rate swap contracts, and all interest-rate swap contracts qualify for hedge accounting. The hedging instruments have similar critical terms as the hedged items, which present economic relationship and are highly effective.

All the interest-rate swap contracts were initially recognised at fair value on the dates the contracts were entered and are subsequently re-measured at fair value at each date of the statement of financial position. The recorded fair value could be an asset or liability depending on the prevailing financial market conditions and the anticipated interest rate environment.

The notional principal amounts of the outstanding HIBOR and SOFR interest-rate swap contracts at 31 December 2023 are as follows:

- USD1,005,000,000 (2022: USD1,265,000,000) with fixed interest rates vary from 1.365% to 1.460% per annum (2022: 1.365% to 3.045% per annum) maturing between July 2024 and March 2027.

- HKD4,920,000,000 (equivalent to USD634,839,000) (2022: HKD6,170,000,000 (equivalent to USD796,129,000)) with fixed interest rates vary from 1.505% to 1.855% per annum (2022: 1.505% to 1.855% per annum) maturing between July 2024 and August 2026.

23 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cross-currency swap contracts

During the year ended 31 December 2023, a 51% owned subsidiary of the Company entered into five 5-year term cross-currency swap contracts totalling USD260,000,000 in order to swap bank borrowings from USD to RMB to hedge the RMB investment for hotels in Mainland China, under which the principal amount was exchanged at inception to RMB at exchange rates vary between RMB7.120 and 7.146 to USD1 and will be re-exchanged on expiry date in December 2028 at the same exchange rate. Under the contracts, fixed interest rates vary from 4.20% to 4.29% per annum on the exchanged RMB principal amounts would be paid and a floating interest rate of SOFR+1.65% per annum on the USD principal amounts would be received, respectively. These cross-currency swap contracts do not qualify for hedge accounting.

During the year ended 31 December 2020, a wholly-owned subsidiary of the Company entered into two 3-year term cross-currency swap contracts totalling EUR100,000,000 in order to swap bank borrowings from Hong Kong dollar to Euro to hedge the Euro investment for hotels in Europe, under which the principal amount was exchanged at inception to Euro at exchange rates of HKD9.1972 and HKD9.175 to EUR1 and was re-exchanged on expiry date in August 2023 at the same exchange rate. Under the contracts, fixed interest rates of 0.390% and 0.395% per annum on the exchanged Euro principal amounts would be paid and a floating interest rate of HIBOR+0.79% and HIBOR+0.84% per annum on the HKD principal amounts would be received, respectively. The cross-currency swap contracts do not qualify for hedge accounting. These two cross-currency swap contracts expired upon their expiry date in August 2023.

During the year ended 31 December 2019, a wholly-owned subsidiary of the Company entered into a cross-currency swap contract amounting to JPY8,000,000,000 to hedge the JPY bank borrowings of the same amount, under which the principal amount was exchanged at inception to HKD578,754,000 at an exchange rate of JPY 13.8228 to HKD1 and will be re-exchanged on expiry date in July 2026 at the same exchange rate. Under the contract, a fixed interest rate of 3.345% per annum on the exchanged Hong Kong dollar principal amounts would be paid and a floating interest rate of TONAR+0.675% per annum (originally JPY LIBOR+0.675% per annum) on the JPY principal amount would be received. The cross-currency swap contract qualifies for hedge accounting and highly effective.

During the year ended 31 December 2018, a wholly-owned subsidiary of the Company entered into a cross-currency contract amounting to USD35,000,000, under which the principal amount was exchanged at inception to SGD48,377,000 at an exchange rate of USD1 to SGD1.3822 and will be re-exchanged on expiry date in November 2025 at the same exchange rate. Under the contract, a fixed interest rate of 4.25% per annum on the exchanged Singapore dollar principal amounts would be paid and a fixed interest rate of 5.23% per annum on the United States dollar principal amount would be received. The cross-currency swap contract does not qualify for hedge accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 NON-CONTROLLING INTERESTS AND BALANCES WITH NON-CONTROLLING SHAREHOLDERS

	2023 USD'000	2022 USD'000
Non-controlling interests		
Share of equity	107,223	36,280
Equity loans (Note (a))	138,400	134,194
	245,623	170,474

Notes:

(a) Equity loans are unsecured and with no repayment obligations.

(b) Amounts due to non-controlling shareholders (current portion) are unsecured and with the following terms:

	2023 USD'000	2022 USD'000
Interest-free	30,368	32,977
Fixed rate at 1.8% (2022: 2.1465%) per annum and repayable within 1 year	14,613	18,802
	44,981	51,779

The fair values of the amounts due to non-controlling shareholders are not materially different from their carrying values.

25 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2022: 16.5%) for subsidiaries operating in Hong Kong. Deferred income tax assets and liabilities of overseas subsidiaries are calculated at the rates of taxation prevailing in the countries in which the respective subsidiaries operate.

The movement on the deferred income tax account is as follows:

	2023 USD'000	2022 USD'000
At 1 January	208,956	230,284
Exchange differences	1,009	(10,194)
Deferred taxation charge/(credited) to consolidated statement of profit or loss (Note 35)	19,397	(11,097)
Deferred taxation credited to other comprehensive income	(171)	(37)
At 31 December	229,191	208,956

The following amounts which are expected only to be substantially recovered/settled after more than twelve months from the date of the statement of financial position, determined after appropriate offsetting, are shown in the consolidated statement of financial position. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2023 USD'000	2022 USD'000
Deferred income tax assets	(76,625)	(86,534)
Deferred income tax liabilities	305,816	295,490
	229,191	208,956

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2023, the Group has the following unrecognised tax losses to carry forward against future taxable income.

	2023 USD'000	2022 USD'000
With no expiry date	301,907	259,105
Lapsing within the next five years	641,978	648,300
Lapsing within the next ten years	68,632	119,852
	1,012,517	1,027,257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred income tax liabilities	Accelerated tax depreciation		Properties valuation surplus		Dividend withholding tax		Right-of-use assets		Others		Total	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000 (restated)	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000 (restated)
At 1 January, as previously reported	229,986	227,932	38,666	40,216	69,670	79,181	–	–	736	600	339,058	347,929
Change in accounting policy - HKAS 12	–	–	–	–	–	–	51,295	58,318	–	–	51,295	58,318
At 1 January, as restated	229,986	227,932	38,666	40,216	69,670	79,181	51,295	58,318	736	600	390,353	406,247
(Credited)/charged to statement of profit or loss	(9,872)	11,932	826	2,328	12,362	(7,636)	215	2,006	1,588	219	5,119	8,849
Exchange differences	81	(9,878)	(150)	(3,878)	(243)	(1,875)	(1,008)	(9,029)	416	(83)	(904)	(24,743)
At 31 December	220,195	229,986	39,342	38,666	81,789	69,670	50,502	51,295	2,740	736	394,568	390,353

Deferred income tax assets	Provision of assets		Tax losses		Lease liabilities		Others		Total	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000 (restated)	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000 (restated)
At 1 January, as previously reported	(3,986)	(4,304)	(86,397)	(79,802)	(20,589)	(20,966)	(19,130)	(12,573)	(130,102)	(117,645)
Change in accounting policy - HKAS 12	–	–	–	–	(51,295)	(58,318)	–	–	(51,295)	(58,318)
At 1 January, as restated	(3,986)	(4,304)	(86,397)	(79,802)	(71,884)	(79,284)	(19,130)	(12,573)	(181,397)	(175,963)
Charged/(credited) to statement of profit or loss	936	158	6,288	(9,867)	(220)	(3,524)	7,274	(6,713)	14,278	(19,946)
Credited to other comprehensive income	–	–	–	–	–	–	(171)	(37)	(171)	(37)
Exchange differences	368	160	175	3,272	1,114	10,924	256	193	1,913	14,549
At 31 December	(2,682)	(3,986)	(79,934)	(86,397)	(70,990)	(71,884)	(11,771)	(19,130)	(165,377)	(181,397)

26 ACCOUNTS PAYABLE AND ACCRUALS

	2023 USD'000	2022 USD'000
Trade payables	81,186	77,770
Other payables and accrued expenses	557,862	501,452
	639,048	579,222

The ageing analysis of the trade payables based on invoice date is as follows:

	2023 USD'000	2022 USD'000
0 – 3 months	77,015	71,072
4 – 6 months	1,958	3,327
Over 6 months	2,213	3,371
	81,186	77,770

27 CONTRACT LIABILITIES

	2023 USD'000	2022 USD'000
Guest loyalty programme	33,496	26,927
Hotel operation	66,403	62,146
Property sale	1,152	339
	101,051	89,412

	2023 USD'000	2022 USD'000
Balance at 1 January	89,412	140,823
Recognised as revenue during the current year	(32,690)	(73,411)
Cancellation for prior years' balance during the current year	(1,088)	(6,208)
Net increase for new transactions during the current year	45,367	34,371
Exchange differences	50	(6,163)
Balance at 31 December	101,051	89,412

Contract liabilities for guest loyalty programme refer to unredeemed loyalty points liabilities for hotel guests while those for hotel operation mainly comprise deposit receipts in advance from customers and those for property sale refer to the deposits received from the properties buyers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 GAIN ON PARTIAL DISPOSAL OF INTERESTS IN A SUBSIDIARY

In April 2022, the Group completed a sale and purchase transaction with an independent third party to dispose of its 80% equity interest in a project company which owns a parcel of land in Kyoto, Japan for the development of a luxury hotel at a cash consideration of JPY7,623,748,000 (equivalent to USD64,302,000). A disposal gain of USD10,586,000 was recognised for the year ended 31 December 2022. The Group's equity interest in the project has been reduced from 100% to 20% after the completion of the transaction. The financial effects of the disposal transaction are as follows:

	USD'000
Total assets	77,335
Total liabilities	(11,080)
Remaining interests after disposal as interest in associate	(15,028)
Net assets attributable to the Group disposed of	51,227
Total consideration	64,302
Less: Net assets disposed of	(51,227)
Less: Cumulative exchange differences in respect of the net assets of the subsidiary released from exchange fluctuation reserve to profit or loss	(2,489)
Gain on disposal recognised	10,586

29 EXPENSES BY NATURE

Expenses included in cost of sales, marketing costs, administrative expenses and other operating expenses are analysed as follows:

	2023 USD'000	2022 USD'000
Depreciation of property, plant and equipment (net of amount capitalised of nil (2022: USD2,000)) (Note 7)	215,049	224,636
Amortisation of trademark, and website and system development (Note 10)	9,419	7,812
Depreciation of right-of-use assets (Note 9)	44,371	46,222
Provision for impairment losses on hotel properties (Note 7)	41,209	–
Reversal of prior year's impairment provision on hotel properties (Note 7)	(1,139)	–
Employee benefit expenses excluding directors' emoluments and wage subsidy received from government (net of amount capitalised and amount grouped under pre-opening expenses) (Note 31)	759,628	641,146
Cost of sales of properties	630	4,550
Cost of inventories sold or consumed in operation	279,174	210,828
Loss/(Gain) on disposal of property, plant and equipment; and partial replacement of investment properties	2,731	(3,065)
Gain on derecognition of right-of-use assets and lease liabilities	(989)	(3,015)
Operating lease expenses	32,381	19,658
Pre-opening expenses	4,093	687
Auditors' remuneration for audit services	2,250	2,144

30 OTHER GAINS – NET

	2023 USD'000	2022 USD'000
Fair value (losses)/gains on investment properties (Note 8)	(3,522)	64,698
Net losses on short-term investments	(2,307)	(3,367)
Fair value (losses)/gains of club debentures	(1,340)	277
Fair value changes of cross-currency swap contracts	(9,387)	7,291
Gain on sale of investment properties	4,956	1,441
Gain on partial disposal of interests in a subsidiary (Note 28)	–	10,586
Insurance claim recovered from a bombing incident happened in 2019	–	3,398
Government grants due to COVID-19 pandemic (Note 31)	–	10,885
Rent concessions provided by lessors	–	1,453
	(11,600)	96,662
Interest income	19,733	11,066
Dividend income	917	1,185
	9,050	108,913

31 EMPLOYEE BENEFIT EXPENSES

(excluding Directors' emoluments and share options granted to Directors and employees)

	2023 USD'000	2022 USD'000
Wages and salaries (including unutilised annual leave)	524,117	439,609
Pension costs – defined contribution plans	43,241	39,549
Pension costs – defined benefit plans	1,054	2,599
Other welfare	193,670	159,679
	762,082	641,436
Less: Amount included in pre-opening expenses	(2,454)	(290)
	759,628	641,146
Less: Wage subsidy from government (Note 30)	–	(10,885)
	759,628	630,261

Total pension cost including charges for Directors charged to the statement of profit or loss for the year under all pension schemes was USD44,327,000 (2022: USD42,184,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

Pension scheme arrangement

The Group operates and participates in a number of pension and retirement schemes of both the defined contribution and defined benefit types. Principal schemes are described below:

(a) *Defined contribution retirement plan*

The Company and subsidiaries in Hong Kong participate in a mandatory provident fund scheme ("**MPF**") which requires both the employers and employees in Hong Kong to contribute 5% of their monthly gross earnings with a ceiling of HKD1,500 (equivalent to USD194). Normally, the employees can only take all the benefits when reaching the statutory retirement age. These companies also participate in other defined contribution schemes which only require the employers to make monthly contribution of the net difference between 10% of the employees' monthly basic salaries (subject to a ceiling of HKD10,000) and the amount already contributed by the employers to the MPF for the relevant employees. Under such schemes, any unvested benefits of employees terminating employment can be utilised by the employers to reduce their future contributions. The assets of these schemes are held separately in independently administrated funds. Contributions made by the employers were charged to statement of profit or loss as incurred.

The Group's subsidiaries in Mainland China, Singapore and Malaysia participate in defined contribution schemes managed by the respective local governments in these countries. The Group's subsidiaries in Australia participate in the government-supported superannuation fund scheme (a defined contribution scheme). Contributions are made based on a percentage, ranging from 10.5% to 20%, of the employee's salaries and bonuses, as applicable, and are charged to the statement of profit or loss as incurred. The maximum contributions by the subsidiaries for each employee for the Group's subsidiaries in Singapore are fixed by the government at SGD1,071 (equivalent to USD780) per month for monthly salaries and bonus payment. The employees of the Group's subsidiaries in Singapore and Malaysia are also required to contribute 20% and 11%, respectively of their gross salaries and bonus, if applicable, to the respective local fund.

The Group also operates a global defined contribution scheme for senior expatriates employed by the Group which requires the employers to contribute 6% to 10% (varying with staff grading) of the employees' basic salaries. Employees can contribute to the scheme on a voluntary basis. Under such scheme, the unvested benefits of employees terminating employment can be utilised by the employers to reduce their future contributions. The assets of the scheme are held separately in independently administered funds. Contributions made by the employers were charged to statement of profit or loss as incurred.

(b) *Defined benefit retirement plan*

The hotels in the Philippines and Malaysia have adopted funded non-contributory defined benefit pension plans covering their regular employees. The benefits are based on years of service and the employees' final covered compensation. The plans require periodic contributions by the participating subsidiaries as determined by periodic actuarial reviews. For the hotels in the Philippines and Malaysia, actuarial valuations were performed by qualified actuaries at 31 December 2023 using the Projected Unit Credit Actuarial Cost Method.

31 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

Pension scheme arrangement (continued)

(b) Defined benefit retirement plan (continued)

Movements in the present value of the defined benefit obligations:

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000
Balance at 1 January	12,196	12,833	(5,554)	(6,555)	6,642	6,278
Exchange difference	(159)	(985)	(59)	590	(218)	(395)
Included in statement of profit or loss						
Current service cost	782	1,238	–	–	782	1,238
Past service cost	–	117	–	–	–	117
Interest cost/(interest income)	661	1,556	(388)	(312)	273	1,244
	1,443	2,911	(388)	(312)	1,055	2,599
Included in other comprehensive income						
Actuarial loss/(gain)	696	(983)	–	–	696	(983)
Loss on assets excluding amount included in net interest cost	–	–	189	551	189	551
	696	(983)	189	551	885	(432)
Other						
Contributions	–	–	(2,110)	(334)	(2,110)	(334)
Benefits paid	(990)	(1,580)	703	506	(287)	(1,074)
	(990)	(1,580)	(1,407)	172	(2,397)	(1,408)
Balance at 31 December	13,186	12,196	(7,219)	(5,554)	5,967	6,642

Net defined benefit liability of USD5,967,000 (2022: USD6,642,000) was recorded as accounts payable and accruals under current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 BENEFITS AND INTERESTS OF DIRECTORS

The remuneration received from the Group by every Director of the Company for the year ended 31 December 2023 is set out below:

Name of Director	Fees USD'000	Salary USD'000	Discretionary bonuses USD'000	Inducement fees USD'000	Allowances and benefits in kind [1] USD'000	Employer's contribution to retirement benefit schemes USD'000	Remunerations paid or receivable in respect of accepting office as director USD'000	Compensation paid or receivable in respect of loss office as director USD'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking USD'000	Total cash remuneration received and attributable to the year ended 31 December 2023 USD'000
KUOK Hui Kwong[3]	-	832	1,484	-	165	16	-	-	-	2,497
CHUA Chee Wui[3]	-	642	903	-	26	16	-	-	-	1,587
LIM Beng Chee[5]	52	-	-	-	-	-	-	-	77	129
LI Kwok Cheung Arthur	99	-	-	-	-	-	-	-	-	99
YAP Chee Keong	106	-	-	-	-	-	-	-	-	106
LI Xiaodong Forrest	61	-	-	-	-	-	-	-	-	61
ZHUANG Chenchao	52	-	-	-	-	-	-	-	-	52
KHOO Shulamite N K	113	-	-	-	-	-	-	-	-	113

32 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

The remuneration received from the Group by every Director of the Company for the year ended 31 December 2022 is set out below:

Name of Director	Fees USD'000	Salary USD'000	Discretionary bonuses USD'000	Inducement fees USD'000	Allowances and benefits in kind[1] USD'000	Employer's contribution to retirement benefit schemes USD'000	Remunerations paid or receivable in respect of accepting office as director USD'000	Compensation paid or receivable in respect of loss office as director USD'000	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking USD'000	Total cash remuneration received and attributable to the year ended 31 December 2022 USD'000
KUOK Hui Kwong[2]	–	743	743	–	65	16	–	–	–	1,567
CHUA Chee Wui[2][4]	–	160	134	–	9	5	–	–	–	308
LIM Beng Chee[2][5]	–	853	–	–	137	15	–	1,146	–	2,151
LI Kwok Cheung Arthur	77	–	–	–	–	–	–	–	–	77
YAP Chee Keong	74	–	–	–	–	–	–	–	–	74
LI Xiaodong Forrest	44	–	–	–	–	–	–	–	–	44
ZHUANG Chenchao	36	–	–	–	–	–	–	–	–	36
KHOO Shulamite N K	77	–	–	–	–	–	–	–	–	77

Notes:

(1) Other benefits include housing, holiday warrant, medical expenses and insurance premium. Pursuant to the option scheme of the Company (Note 18), the Company granted to the Directors options to subscribe for shares in the Company subject to terms and conditions stipulated therein. The fair values of option shares granted to the Directors in the past years were included in the total expenses on share options granted in the same year.

(2) For the year ended 31 December 2022, awarded shares were granted and vested to certain Executive Directors under the share award scheme. On 1 April 2022 and 7 June 2022, total awarded shares of 128,000 shares, 160,000 shares and 56,000 shares (amounting to USD101,000, USD126,000 and USD44,000 based on the market price of the vesting date) were vested to Ms KUOK Hui Kwong, Mr LIM Beng Chee and Mr CHUA Chee Wui respectively. Awarded shares of 636,000 shares, 548,000 shares and 370,000 shares being vested in the years from 2023 to 2025 were granted to Ms KUOK Hui Kwong, Mr LIM Beng Chee and Mr CHUA Chee Wui, respectively. The remuneration on the awarded shares will be included in the disclosure when the vesting condition has been met.

(3) For the year ended 31 December 2023, awarded shares were granted and vested to certain Executive Directors under the share award scheme. Total awarded shares of 270,000 shares and 174,000 shares (amounting to USD232,000 and USD149,000 based on the market price of the vesting date) were vested to Ms KUOK Hui Kwong and Mr CHUA Chee Wui on 6 May 2023 and 7 June 2023, respectively. Awarded shares of 1,073,000 shares and 552,200 shares being vested in the years from 2024 to 2026 were granted to Ms KUOK Hui Kwong and Mr CHUA Chee Wui, respectively. The remuneration on the awarded shares will be included in the disclosure when the vesting condition has been met.

(4) Mr CHUA Chee Wui was appointed as an Executive Director of the Company with effect from 1 September 2022 and his remuneration as stated is for the period from 1 September 2022 to 31 December 2022.

(5) Mr LIM Beng Chee had stepped down from his roles as Executive Director and Chief Executive Officer of the Company and was re-designated as a Non-executive Director of the Company with effect from 1 January 2023. All the unvested awarded shares of 688,000 shares granted to Mr LIM in prior periods have been lapsed following his retirement as Executive Director and Chief Executive Officer of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

Movement of option shares granted to the Directors for the year ended 31 December 2023 are as follows:

Grantees	Date of grant	Tranche	Closing price per share on the business day immediately before date of grant HKD	No. of option shares held as at 1 January 2023	No. of option shares granted during the year
LI Kwok Cheung Arthur	23 Aug 2013	–	11.92	100,000	–

Movement of option shares granted to the Directors for the year ended 31 December 2022 are as follows:

Grantees	Date of grant	Tranche	Closing price per share on the business day immediately before date of grant HKD	No. of option shares held as at 1 January 2022	No. of option shares granted during the year
LI Kwok Cheung Arthur	23 Aug 2013	–	11.92	100,000	–

Transfer from other category during the year	Transfer to other category during the year	No. of option shares exercised during the year	No. of option shares lapsed during the year	No. of option shares held as at 31 December 2023	Exercise price per option share HKD	Excess of weighted average closing price per share on exercise date over exercise price HKD	Exercise period
–	–	–	(100,000)	–	12.11	–	23 Aug 2013 – 22 Aug 2023

Transfer from other category during the year	Transfer to other category during the year	No. of option shares exercised during the year	No. of option shares lapsed during the year	No. of option shares held as at 31 December 2022	Exercise price per option share HKD	Excess of weighted average closing price per share on exercise date over exercise price HKD	Exercise period
–	–	–	–	100,000	12.11	–	23 Aug 2013 – 22 Aug 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2022: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals in 2023 are as follows:

	2023 USD'000
Basic salaries, housing allowances, other allowances and benefits in kind	3,656
Employer's contribution to pension scheme	29
Discretionary bonuses	1,244
Inducement fee to join the Group	–
Compensation for loss of office:	
– contractual payments	–
– other payment	–
	4,929

During the year ended 31 December 2023, total of 436,000 (2022: 170,000) awarded shares (amounting to USD373,000 (2022: USD134,000) based on the market price of the vesting date) were also vested to the above three (2022: three) individuals.

The emoluments of the five highest paid individuals fell within the following bands:

	Number of individuals	
Emolument bands (in HK dollar)	2023	2022
HKD8,000,001 – HKD8,500,000	–	2
HKD8,500,001 – HKD9,000,000	–	1
HKD9,500,001 – HKD10,000,000	1	–
HKD12,500,001 – HKD13,000,000	–	1
HKD13,000,001 – HKD13,500,000	1	–
HKD13,500,001 – HKD14,000,000	1	–
HKD17,000,001 – HKD17,500,000	1	–
HKD17,500,001 – HKD18,000,000	–	1
HKD21,000,001 – HKD21,500,000	1	–

33 FINANCE COSTS – NET

	2023 USD'000	2022 USD'000
Interest expense		
– bank loans	257,977	140,395
– fixed rate bonds	50,365	46,806
– other loans	263	(175)
– interest-rate swap contracts	(60,771)	3,898
– lease liability	27,949	28,120
	275,783	219,044
Less: Amount capitalised	(3,480)	(3,021)
	272,303	216,023
Net foreign exchange (gains)/losses	(13,925)	144,909
	258,378	360,932

The effective capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 4.4% per annum (2022: 3.4%).

34 SHARE OF PROFIT OF ASSOCIATES

	2023 USD'000	2022 USD'000
Share of profit before tax of associates before share of net fair value changes of investment properties	361,443	236,264
Share of net fair value changes of investment properties	106,810	33,950
Share of profit before tax of associates	468,253	270,214
Share of tax before provision for deferred tax on net fair value changes of investment properties	(118,449)	(71,209)
Share of provision for deferred tax on net fair value changes of investment properties	(25,986)	(8,233)
Share of associates' taxation	(144,435)	(79,442)
Share of profit of associates	323,818	190,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 INCOME TAX EXPENSE

	2023 USD'000	2022 USD'000
Current income tax		
– Hong Kong profits tax	(3)	20
– overseas taxation	59,076	24,086
Deferred income tax (Note 25)	19,397	(11,097)
	78,470	13,009

Share of associates' taxation for the year ended 31 December 2023 of USD144,435,000 (2022: USD79,442,000) is included in the consolidated statement of profit or loss as share of profit of associates.

The taxation on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2023 USD'000	2022 USD'000
Profit/(Loss) before income tax	280,146	(174,443)
Calculated at a taxation rate of 16.5% (2022: 16.5%)	46,224	(28,783)
Effect of different taxation rates of subsidiaries operating in other countries	11,720	879
Income not subject to taxation	(78,733)	(71,277)
Tax effect on unrecognised tax losses	22,755	37,177
Expenses not deductible for taxation purposes	59,994	60,668
Utilisation of previously unrecognised tax losses	(1,580)	(1,052)
Under provision in prior year	426	1,145
Withholding tax	17,776	14,332
Tax incentive	(112)	(80)
Income tax expense	78,470	13,009

(a) Hong Kong profits tax is provided at a rate of 16.5% (2022: 16.5%) on the estimated assessable profits of group companies operating in Hong Kong.

(b) Taxation outside Hong Kong includes withholding tax paid and payable on dividends from subsidiaries and tax provided at the prevailing rates on the estimated assessable profits of group companies operating outside Hong Kong.

(c) Pillar Two Income Taxes:
The Group operates in multiple jurisdictions, some of which have new tax laws to implement the Pillar Two model rules published by the OECD. These new tax laws will take effect from 1 January 2024 or 1 January 2025 for different jurisdictions. The Group is in the process of assessing its exposure to the Pillar Two legislation when it comes into effect. Based on management's preliminary assessment, the Group expects to be subject to a new top-up tax in relation to its operations in Fiji and Mauritius where the tax exemptions in connection with local statutory tax law would result in an effective tax rate of lower than 15%. As the new tax laws are not yet effective as at 31 December 2023, the Group does not recognise any current tax relating to the Pillar Two model rules for the year ended 31 December 2023.

As provided in the amendments to HKAS 12 issued in July 2023, the Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and would account for the tax as current tax when incurred.

If the new tax laws had applied in 2023, the profits relating to the Group's operations in Fiji and Mauritius would be subject to the corresponding Pillar Two income taxes. For the year ended 31 December 2023, the top-up tax exposure is not expected to be material to the Group.

36 EARNINGS/(LOSS) PER SHARE

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment of those issued ordinary shares of the Company held by a subsidiary and the share award scheme.

	2023	2022
Profit/(Loss) attributable to owners of the Company (USD'000)	184,139	(158,519)
Weighted average number of ordinary shares in issue (thousands)	3,561,673	3,572,687
Basic earnings/(loss) per share (US cents per share)	5.17	(4.44)

Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has the potential dilutive effect on the non-vested awarded shares under the share award scheme for the year ended 31 December 2023.

As the Group incurred losses for the year ended 31 December 2022, the potential dilutive ordinary shares were not included in the calculation of the dilutive loss per share as their inclusion would be anti-dilutive and the diluted loss per share is the same as the basic loss per share.

	2023	2022
Profit/(Loss) attributable to owners of the Company (USD'000)	184,139	(158,519)
Weighted average number of ordinary shares in issue (thousands)	3,561,673	3,572,687
Adjustments (thousands)	26,981	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share (thousands)	3,588,654	3,572,687
Diluted earnings/(loss) per share (US cents per share)	5.13	(4.44)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 DIVIDENDS

	Group		Company	
	2023 USD'000	2022 USD'000	2023 USD'000	2022 USD'000
No interim dividend has been proposed (2022: Nil)	–	–	–	–
Proposed final dividend of HK15 cents per ordinary share (2022: Nil)	68,739	–	68,942	–
	68,739	–	68,942	–

At a meeting held on 22 March 2024, the Board proposed a final dividend of HK15 cents per ordinary share for the year ended 31 December 2023. This proposed dividend is not reflected as a dividend payable in these financial statements.

The proposed final dividend of USD68,739,000 for the year ended 31 December 2023 is calculated based on 3,585,525,056 shares in issue as at 22 March 2024, after elimination on consolidation the amount of USD203,000 for the 10,501,055 ordinary shares in the Company held by a subsidiary of the Company and USD455,000 for 23,524,000 ordinary shares held by the Company's share award trust for the share award scheme.

38 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operations

	2023 USD'000	2022 USD'000
Profit/(Loss) before income tax	280,146	(174,443)
Share of profit of associates	(323,818)	(190,772)
Fair value losses/(gains) on investment properties	3,522	(64,698)
Provision for impairment losses on hotel properties	41,209	–
Reversal of prior year's impairment provision on hotel properties	(1,139)	–
Rent concessions provided by lessors	–	(1,453)
Depreciation of property, plant and equipment	215,049	224,636
Depreciation of right-of-use assets	44,371	46,222
Amortisation of trademark, and website and system development	9,419	7,812
Interest on fixed rate bonds, lease liabilities, bank loans and other loans	272,303	216,023
Interest income	(19,733)	(11,066)
Dividend income	(917)	(1,185)
Loss/(Gain) on disposal of property, plant and equipment; and partial replacement of investment properties	2,731	(3,065)
Gain on derecognition of right-of-use assets and lease liabilities	(989)	(3,015)
Gain on sale of investment properties	(4,956)	(1,441)
Net losses on financial assets	3,647	3,090
Gain on partial disposal of interests in a subsidiary	–	(10,586)
Share award scheme expenses	7,889	5,241
Fair value losses/(gains) of cross-currency swap contracts	9,387	(7,291)
Net foreign exchange (gains)/losses	(13,925)	144,909
Operating profit before working capital changes	524,196	178,918
Decrease/(increase) in inventories	1,324	(2,422)
Increase in accounts receivable, prepayments and deposits	(26,646)	(18,909)
Decrease/(increase) in amounts due from associates	2,135	(9,177)
Increase in accounts payable and accruals	32,902	33,173
Increase/(decrease) in contract liabilities	11,587	(45,248)
Decrease in properties for sale	630	4,550
Net cash generated from operations	546,128	140,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Acquisition of interest in a subsidiary

In August 2023, the Group acquired the remaining 30% equity interest in an original 70% owned subsidiary which owns the Shangri-La's Villingili Resort & Spa, Maldives at nil consideration. There is no gain or loss recognised for this acquisition but a deficit balance of USD59,847,000 for the non-controlling interests and a payable balance of USD2,724,000 due to the non-controlling shareholder were derecognised and a net deficit amount of USD57,123,000 was transferred to the Group's retained earnings.

(c) Reconciliation of liabilities arising from financing activities

	Bank loans USD'000	Fixed rate bonds USD'000	Loan and amounts due to non-controlling shareholders USD'000	Lease liabilities USD'000
Balance as at 1 January 2022	4,463,058	1,124,794	96,568	618,798
Cash flows	83,006	–	3,305	(44,499)
Foreign exchange movement	(66,408)	7,334	(3,644)	(53,030)
Finance cost charged (note)	–	633	75	28,120
Net additions of lease liabilities	–	–	–	14,300
Dividends declared to non-controlling shareholders	–	–	2,025	–
Capitalisation of loans due to a non-controlling shareholder	–	–	(46,550)	–
Balance as at 31 December 2022 and 1 January 2023	4,479,656	1,132,761	51,779	563,689
Cash flows	(57,746)	119,017	(7,060)	(45,181)
Foreign exchange movement	(7,509)	18,284	539	12,336
Finance cost charged (note)	–	743	520	27,949
Net additions of lease liabilities	–	–	–	13,559
Dividends declared to non-controlling shareholders	–	–	1,927	–
Derecognition of amounts due to a non-controlling shareholder	–	–	(2,724)	–
Balance as at 31 December 2023	4,414,401	1,270,805	44,981	572,352

Note: Finance cost charged is presented as operating cash flows in the consolidated cash flow statement when paid.

39 FINANCIAL GUARANTEES, CONTINGENCIES AND CHARGES OVER ASSETS

(a) Financial guarantees

As at 31 December 2023, financial guarantees of the Company and the Group were as follows:

(i) The Company executed proportionate guarantees in favour of banks for securing banking facilities granted to certain subsidiaries and associates. The utilised amount of such facilities covered by the Company's guarantees and which also represented the financial exposure of the Company at the date of the statement of financial position amounted to USD3,805,952,000 (2022: USD3,811,480,000) for the subsidiaries and USD116,628,000 (2022: USD151,571,000) for associates.

(ii) The Company executed guarantees in favour of banks for securing certain banking facilities granted to two (2022: three) non-wholly owned subsidiaries. The non-controlling shareholders of two (2022: three) non-wholly owned subsidiaries provided proportionate counter guarantees to the Company under the joint venture agreements. The utilised amount of these facilities covered by the Company's guarantees after setting off the amount of counter guarantees from the non-controlling shareholders and which also represented the net financial exposure of the Company at the date of the statement of financial position amounted to USD320,685,000 (2022: USD371,295,000).

(iii) The Group executed proportionate guarantees in favour of banks for securing banking facilities granted to certain associates. The utilised amount of such facilities covered by the Group's guarantees for these associates amounted to USD116,628,000 (2022: USD151,571,000).

Guarantees are stated at their respective contracted amounts. The Board is of the opinion that it is not probable that the above guarantees will be called upon.

(b) Contingent liabilities

As at 31 December 2023 and 2022, there were no material contingent liabilities.

(c) Charges over assets

As at 31 December 2023 and 2022, there was no charges over assets for bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 COMMITMENTS

(a) The Group's commitment for capital expenditure at the date of the consolidated statement of financial position but not yet incurred is as follows:

	2023 USD'000	2022 USD'000
Existing properties – property, plant and equipment and investment properties		
– contracted but not provided for	22,261	33,798
– authorised but not contracted for	22,252	41,486
Development projects		
– contracted but not provided for	27,343	129,262
– authorised but not contracted for	72,349	69,234
	144,205	273,780

(b) The Group had future aggregate minimum lease rental receivable under non-cancellable operating leases in respect of land and buildings as follows:

	2023 USD'000	2022 USD'000
Not later than one year	69,205	61,381
Later than one year and not later than five years	107,206	95,009
Later than five years	15,080	34,472
	191,491	190,862

41 RELATED PARTY TRANSACTIONS

Kerry Holdings Limited ("**KHL**"), a substantial shareholder and a related party of the Company, has significant influence over the Company.

The following transactions were carried out with related parties in the ordinary course of the Group's business:

		2023 USD'000	2022 USD'000
(a)	Transactions with subsidiaries of KHL during the year (other than subsidiaries of the Company)		
	Receipt of hotel management, consultancy and related services and royalty fees	(Note ii) 18,862	10,524
	Reimbursement of office expenses and payment of administration and related expenses	318	126
	Reimbursement of office rental, management fees and rates	55	62
	Payment of office rental, management fees and rates	5,523	6,198
	Purchase of wine	1,083	915
(b)	Transactions with associates of the Group during the year (other than the subsidiaries of KHL included under item (a) above)		
	Receipt of hotel management, consultancy and related services and royalty fees	30,890	19,343
	Receipt for laundry services	(Note i) 644	376
(c)	Financial assistance provided to subsidiaries of KHL as at 31 December (other than subsidiaries of the Company)		
	Balance of loan to associates of the Group	145,919	96,947
	Balance of guarantees executed in favour of banks for securing bank loans/facilities granted to associates of the Group	112,308	143,020
(d)	Financial assistance provided to associates of the Group as at 31 December (excluding item (c) above)		
	Balance of loan to associates of the Group	49,684	49,324
	Balance of guarantees executed in favour of banks for securing bank loans/facilities granted to associates of the Group	4,320	8,551
There are no material changes to the terms of the above transactions during the year.			
(e)	Key management compensation		
	Fees, salaries and other short-term employee benefits of executive directors	4,052	3,990
	Post-employment benefits of executive directors	32	36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

(i) These transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of The Rules Governing the Listing of Securities on HKSE ("**Listing Rules**") and are exempted from reporting, annual review, announcement and independent shareholders' approval requirement under Chapter 14A of Listing Rules.

(ii) These transactions include continuing connected transactions as defined in Chapter 14A of Listing Rules of USD6,298,000 which are exempted from reporting, annual review, announcement and independent shareholders' approval requirement under Chapter 14A of Listing Rules.

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES AND ASSOCIATES

(a) At 31 December 2023, the Company held interests in the following principal subsidiaries:

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares		Nature of business	Notes
			Direct	Indirect		
Seanoble Assets Limited	The British Virgin Islands	HKD578,083,745	100	–	Investment holding	
Shangri-La Asia Treasury Limited	The British Virgin Islands	HKD8,530	100	–	Group financing	
Shangri-La China Limited	Hong Kong	HKD1,162,500,000	–	100	Investment holding	
Shangri-La Hotels (Europe)	Luxembourg	EUR206,600,000	100	–	Investment holding	
Kerry Industrial Company Limited	Hong Kong	HKD10,000,002	–	100	Investment holding	
Shangri-La Hotel (Kowloon) Limited	Hong Kong	HKD10,000,002	–	100	Hotel ownership and operation	
Shangri-La International Hotels (Pacific Place) Limited	Hong Kong	HKD10,005,000	–	80	Hotel ownership and operation	
Shenzhen Shangri-La Hotel Limited	The People's Republic of China	USD32,000,000	–	72	Hotel ownership and operation	4, 6
Beihai Shangri-La Hotel Limited	The People's Republic of China	USD16,000,000	–	100	Hotel ownership and operation	5, 6
Shanghai Pudong New Area Shangri-La Hotel Co, Limited	The People's Republic of China	USD47,000,000	–	100	Hotel ownership and operation	3, 6
Shenyang Hotel Jen Limited	The People's Republic of China	USD39,040,470	–	100	Hotel ownership and operation	5, 6
Changchun Shangri-La Hotel Co, Limited	The People's Republic of China	RMB167,000,000	–	100	Hotel ownership and operation and real estate operation	5, 6
Jilin Province Kerry Real Estate Development Limited	The People's Republic of China	RMB25,000,000	–	100	Real estate development and operation	5, 6
Qingdao Shangri-La Hotel Co, Limited	The People's Republic of China	USD79,000,000	–	100	Hotel ownership and operation and real estate development and operation	5, 6
Dalian Shangri-La Hotel Co, Limited	The People's Republic of China	USD149,000,000	–	100	Hotel ownership and operation and real estate development and operation	5, 6

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2023, the Company held interests in the following principal subsidiaries: (continued)

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares		Nature of business	Notes
			Direct	Indirect		
Harbin Shangri-La Hotel Co, Limited	The People's Republic of China	USD20,767,000	–	100	Hotel ownership and operation	5, 6
Wuhan Shangri-La Hotel Co, Limited	The People's Republic of China	USD48,333,333	–	92	Hotel ownership and operation and real estate development and operation	4, 6
Fujian Kerry World Trade Centre Co, Limited	The People's Republic of China	HKD1,260,000,000	–	100	Real estate development and operation	2, 5, 6
Fuzhou Shangri-La Hotel Co, Limited	The People's Republic of China	USD22,200,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Chengdu) Co, Limited	The People's Republic of China	USD53,340,000	–	80	Hotel ownership and operation and real estate development and operation	5, 6
Shangri-La Hotel (Guangzhou Pazhou) Co, Limited	The People's Republic of China	USD60,340,000	–	80	Hotel ownership and operation	5, 6
Shangri-La Hotel (Shenzhen Futian) Co, Limited	The People's Republic of China	USD71,000,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Ningbo) Co, Limited	The People's Republic of China	USD83,000,000	–	95	Hotel ownership and operation	5, 6
Shangri-La Hotel (Wenzhou) Co, Limited	The People's Republic of China	USD46,250,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Xian) Co, Limited	The People's Republic of China	USD42,800,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Guilin) Co, Limited	The People's Republic of China	USD70,150,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Baotou) Co, Limited	The People's Republic of China	USD24,400,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Huhhot) Co, Limited	The People's Republic of China	USD43,670,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Manzhouli) Co, Limited	The People's Republic of China	USD84,615,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Zhoushan) Co, Limited	The People's Republic of China	RMB120,000,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Hefei) Co, Limited	The People's Republic of China	USD90,000,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Qinhuangdao) Co, Limited	The People's Republic of China	RMB880,000,000	–	100	Hotel ownership and operation	5, 6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2023, the Company held interests in the following principal subsidiaries: (continued)

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares Direct	Percentage holding in the voting shares Indirect	Nature of business	Notes
Sanya Shangri-La Hotel Co, Limited	The People's Republic of China	RMB1,775,614,140	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Lhasa) Co, Limited	The People's Republic of China	USD132,000,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Qufu) Co, Limited	The People's Republic of China	RMB844,000,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Nanjing) Co, Limited	The People's Republic of China	RMB750,000,000	–	55	Hotel ownership and operation	5, 6
Shangri-La Hotel (Diqing) Co, Limited	The People's Republic of China	RMB610,000,000	–	100	Hotel ownership and operation	5, 6
Shangri-La Hotel (Xiamen) Co, Limited	The People's Republic of China	RMB640,000,000	–	100	Hotel ownership and operation	5, 6
Dalian Wolong Bay Shangri-La Hotel Co, Limited	The People's Republic of China	RMB430,000,000	–	100	Hotel ownership and operation and real estate development and operation	5, 6
Kerry Real Estate (Yangzhou) Co, Limited	The People's Republic of China	USD102,600,000	–	100	Hotel ownership and operation and real estate development	5, 6
Harbin Songbei Shangri-La Hotel Co, Limited	The People's Republic of China	RMB658,000,000	–	100	Hotel ownership and operation	5, 6
Shanghai Hongqiao Shangri-La Hotel Co, Limited	The People's Republic of China	RMB30,000,000	–	100	Hotel ownership and operation	1, 5, 6
Shangri-La Ulaanbaatar LLC	Mongolia	USD5,000,000	–	51	Office ownership and operation	
Shangri-La Ulaanbaatar Hotel LLC	Mongolia	Common USD20,000,000 Preferred USD194,973,254	–	51	Hotel, serviced apartments and office ownership and operation	
Makati Shangri-La Hotel & Resort, Inc	The Philippines	Peso1,100,000,000	–	100	Hotel ownership and operation	
Edsa Shangri-La Hotel & Resort, Inc	The Philippines	Peso792,128,700	–	100	Hotel ownership and operation	
Mactan Shangri-La Hotel & Resort, Inc	The Philippines	Common Peso272,630,000 Preferred Peso170,741,500 Redeemable Common Peso285,513,000	–	93.95	Hotel ownership and operation	

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2023, the Company held interests in the following principal subsidiaries: (continued)

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares Direct	Indirect	Nature of business	Notes
Addu Investments Private Limited	Republic of Maldives	Rufiyaa 640,000,000	–	100	Hotel ownership and operation	
Traders Hotel Malé Private Limited	Republic of Maldives	Rufiyaa 64,000,000	–	100	Hotel ownership and operation	
Yanuca Island Pte Limited	Fiji	FJD1,262,196	–	71.80	Hotel ownership and operation	
Shangri-La Hotel Limited	Singapore	SGD165,433,560	–	100	Investment holding, hotel ownership and operation and leasing of residential and serviced apartments	
Sentosa Beach Resort Pte Limited	Singapore	SGD30,000,000	–	100	Hotel ownership and operation	
Traders Hotel Management Pte Limited	Singapore	SGD1	–	100	Hotel operation	
Shangri-La Hotels (Malaysia) Berhad	Malaysia	RM544,501,853	–	52.78	Investment holding and hotel ownership and operation	
Shangri-La Hotel (KL) Sdn Berhad	Malaysia	RM150,000,000	–	52.78	Hotel ownership and operation	
Golden Sands Beach Resort Sdn Berhad	Malaysia	RM6,000,000	–	52.78	Hotel ownership and operation	
Pantai Dalit Beach Resort Sdn Berhad	Malaysia	RM135,000,000	–	64.59	Hotel and golf club ownership and operation	
Komtar Hotel Sdn Berhad	Malaysia	RM6,000,000	–	31.67	Hotel ownership and operation	
UBN Tower Sdn Berhad	Malaysia	RM500,000	–	52.78	Property investment and office management	
UBN Holdings Sdn Berhad	Malaysia	RM45,186,400	–	52.78	Investment holding and property investment	
Seanoble Malaysia Sdn Berhad	Malaysia	RM2,590,479,405	–	100	Group financing	
Traders Yangon Company Limited	Myanmar	Kyat21,600,000	–	59.16	Hotel ownership and operation	
Shangri-La Yangon Company Limited	Myanmar	Kyat11,880,000	–	55.86	Serviced apartments and hotel ownership and operation	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2023, the Company held interests in the following principal subsidiaries: (continued)

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares		Nature of business	Notes
			Direct	Indirect		
Traders Square Company Limited	Myanmar	Kyat522,000	–	59.28	Real estate development and operation	
Shangri-La Hotel Public Company Limited	Thailand	Baht1,300,000,000	–	73.61	Hotel, serviced apartments and office ownership and operation	
Shangri-La Hotels (Paris)	France	EUR13,772,210	–	100	Hotel ownership and operation	
Shangri-La Hotels Japan KK	Japan	YEN100,000,000	–	100	Hotel operation	
Shangri-La Hotels Pte Limited	United Kingdom	GBP81,000,000	–	100	Hotel operation	
Shangri-La Hotel (Cairns) Pty Limited	Australia	AUD8,250,000	–	100	Investment holding and hotel ownership and operation	7
Lilyvale Hotel Pty Limited	Australia	AUD140,000,004	–	100	Hotel ownership and operation	7
Shangri-La Hotels Lanka (Private) Limited	Sri Lanka	LKR2,219,000,000	–	90	Hotel ownership and operation and real estate development and operation	
Shangri-La Investments Lanka (Private) Limited	Sri Lanka	LKR1,214,245,300	–	90	Hotel ownership and operation	
Turati Properties Srl	Italy	EUR10,000	–	100	Hotel ownership and operation	1
Shangri-La International Hotel Management Limited	Hong Kong	HKD31,712,478	100	–	Hotel management, marketing, consultancy and reservation services	
Shangri-La Hotel Management (Shanghai) Co, Limited	The People's Republic of China	USD7,340,000	–	100	Hotel management, marketing and consultancy services	5, 6
Shangri-La International Hotel Management Pte Limited	Singapore	SGD2,000,000	–	100	Hotel management, marketing and consultancy services	
Shangri-La International Hotel Management Limited	The British Virgin Islands	USD10,104,099	100	–	Ownership of intellectual property rights	

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2023, the Company held interests in the following principal subsidiaries: (continued)

Notes:

1 Subsidiaries which are under various stages of real estate and hotel development and have not yet commenced business operations as at the date of the statement of financial position.

2 Subsidiaries which are under various stages of real estate and hotel development and have partially commenced business operations as at the date of the statement of financial position.

3 Co-operative Joint Venture.

4 Equity Joint Venture.

5 Wholly Foreign Owned Enterprise.

6 The amount of paid up/issued capital for subsidiaries incorporated in The People's Republic of China represented the amount of paid in registered capital.

7 A Deed of Cross Guarantee was entered on 24 December 2015 between Shangri-La Asia Limited and its wholly owned Australian subsidiaries for the purpose of obtaining the benefit of the Class Order to relieve the entities from the requirement to lodge reports with ASIC (Australian Securities and Investments Commission). Apart from the stated principal subsidiaries, this deed also includes Shangri-La Investments (Australian) Pty Ltd (Australian parent company), Shangri-La Hotels Pty Ltd (hotel management company), Langley Terrace Hotel Pty Ltd (dormant), Traders Hotel Pty Ltd (dormant), Abelian Pty Ltd (dormant), Roma Hotel Pty Ltd (dormant) and The Pier Cairns Management Services Pty Ltd (dormant). All of these entities form a Closed Group. There are no other Extended Closed Group Entities involved. A Revocation Deed was entered in October 2017 between Shangri-La Asia Limited and its wholly owned Australian subsidiaries for the purpose of removing Langley Terrace Hotel Pty Limited from the Deed of Cross Guarantee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) At 31 December 2023, the Group held interests in the following principal associates:

Name	Place of establishment/ operation	Percentage holding in the registered capital by the Group	Nature of business	Notes
China World Trade Center Limited	The People's Republic of China	50	Hotel ownership and operation and property investment	
Beijing Shangri-La Hotel Co, Limited	The People's Republic of China	38	Hotel ownership and operation	
Hangzhou Shangri-La Hotel Limited	The People's Republic of China	45	Hotel ownership and operation	
Beijing Jia Ao Real Estate Development Co, Limited	The People's Republic of China	23.75	Real estate development and operation	
Beijing Kerry Hotel Co, Limited	The People's Republic of China	23.75	Hotel ownership and operation	
Shanghai Xin Ci Hou Properties Co, Limited	The People's Republic of China	24.75	Real estate development and operation	
Shanghai Ji Xiang Properties Co, Limited	The People's Republic of China	49	Hotel ownership and operation and property investment	
Shanghai Pudong Kerry City Properties Co, Limited	The People's Republic of China	23.20	Hotel ownership and operation and property investment	
Tianjin Kerry Real Estate Development Co, Limited	The People's Republic of China	20	Hotel ownership and operation and property investment	2
Kerry Real Estate (Nanchang) Co, Limited	The People's Republic of China	20	Hotel ownership and operation and property investment	
Hengyun Real Estate (Tangshan) Co, Limited	The People's Republic of China	35	Property investment	
Ruihe Real Estate (Tangshan) Co, Limited	The People's Republic of China	35	Hotel ownership and operation	
Xiang Heng Real Estate (Jinan) Co, Limited	The People's Republic of China	45	Hotel ownership and operation and property investment	
Kerry (Shenyang) Real Estate Development Co, Limited	The People's Republic of China	25	Property investment	2
Shangri-La Hotel (Shenyang) Co, Limited	The People's Republic of China	25	Hotel ownership and operation	
Kerry Real Estate (Hangzhou) Co, Limited	The People's Republic of China	25	Hotel ownership and operation and property investment	
Full Fortune Real Estate (Putian) Co, Limited	The People's Republic of China	40	Property investment	
Well Fortune Real Estate (Putian) Co, Limited	The People's Republic of China	40	Hotel ownership and operation	
Zhengzhou Yuheng Real Estate Co, Limited	The People's Republic of China	45	Hotel ownership and operation and property investment	2
Jian'an Real Estate (Kunming) Co, Limited	The People's Republic of China	45	Hotel ownership and operation	1
Cuscaden Properties Pte Limited	Singapore	44.60	Hotel ownership and operation and property investment	

42 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) At 31 December 2023, the Group held interests in the following principal associates: (continued)

Name	Place of establishment/ operation	Percentage holding in the registered capital by the Group	Nature of business	Notes
Tanjong Aru Hotel Sdn Berhad	Malaysia	40	Hotel ownership and operation	
PT Swadharma Kerry Satya	Indonesia	25	Hotel ownership and operation	
Fine Winner Holdings Limited	Hong Kong	30	Hotel ownership and operation	
Shang Global City Properties, Inc	The Philippines	40	Hotel ownership and operation and property investment	
SRL Touessrok Hotel Limited	Mauritius	26	Hotel ownership and operation	
Besiktas Emlak Yatirim ve Turizm Anonim Sirketi	Turkey	50	Hotel ownership and operation	
Kerry Wines Limited	Hong Kong	20	Wines trading	
Perennial Ghana Development Limited	The Republic of Ghana	45	Hotel ownership and operation	1
Shangri-La Kyoto Nijojo TMK	Japan	20	Hotel ownership and operation	1

Notes:

1 Associates which are under various stages of real estate and hotel development and have not yet commenced business operations as at the date of the statement of financial position.

2 Associates which are under various stages of real estate and hotel development and have partially commenced business operations as at the date of the statement of financial position.

(c) The above tables list out the subsidiaries and associates of the Company as at 31 December 2023 which, in the opinion of the Directors, principally affected the results for the year or form a substantial portion of the net assets of the Group. To give details of other subsidiaries and associates would, in the opinion of the Directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES

(a) Details of hotel properties of the Company's subsidiaries are as follows:
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Kowloon Shangri-La, Hong Kong 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Hotel operation	Medium lease
Island Shangri-La, Hong Kong Pacific Place, Supreme Court Road, Central, Hong Kong	Hotel operation	Medium lease
Kerry Hotel, Hong Kong 38 Hung Luen Road, Hung Hom Bay, Kowloon, Hong Kong	Hotel operation	Medium lease
Shangri-La Shenzhen East Side, Railway Station, 1002 Jianshe Road, Shenzhen 518001, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Beihai 33 Chating Road, Beihai, Guangxi 536007, The People's Republic of China	Hotel operation	Medium lease
Pudong Shangri-La, Shanghai 33 Fu Cheng Road, Pudong, Shanghai 200120, The People's Republic of China	Hotel operation	Medium lease
JEN Shenyang by Shangri-La 68 Zhong Hua Road, He Ping District, Shenyang 110001, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Changchun 569 Xian Road, Changchun 130061, The People's Republic of China	Hotel operation and commercial and residential rental	Medium lease
Shangri-La Qingdao 9 Xianggang Middle Road, Qingdao 266071, The People's Republic of China	Hotel operation	Medium lease

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties the Company's subsidiaries are as follows: (continued)
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Dalian 66 Renmin Road, Dalian 116001, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Harbin 555 You Yi Road, Harbin 150018, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Wuhan 700 Jianshe Avenue, Hankou, Wuhan 430015, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Fuzhou 9 Xin Quan Nan Road, Fuzhou, Fujian 350005, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Guangzhou 1 Hui Zhan Dong Road, Hai Zhu District, Guangzhou 510308, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Chengdu 9 Binjiang Dong Road, Chengdu, Sichuan 610021, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Xian 38B Keji Road, Xian 710075, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Baotou 66 Min Zu East Road, Qing Shan District, Baotou, Inner Mongolia 014030, The People's Republic of China	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties the Company's subsidiaries are as follows: (continued)
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Yangzhou 472 Wen Chang Xi Lu, Yangzhou, Hanjiang District, Jiangsu Province 225009, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Huhhot 5 Xi Lin Guo Le South Road, Huhhot, Inner Mongolia 010020, The People's Republic of China	Hotel operation	Medium lease
Futian Shangri-La, Shenzhen 4088 Yi Tian Road, Futian District, Shenzhen 518048, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Wenzhou 1 Xiangyuan Road, Wenzhou, Zhejiang Province 325000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Ningbo 88 Yuyuan Road, Ningbo, Zhejiang 315040, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Guilin 111 Huan Cheng Bei Er Lu, Guilin, Guangxi 541004, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Manzhouli 99 Liudao Street, Manzhouli, Inner Mongolia 021400, The People's Republic of China	Hotel operation	Medium lease

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties the Company's subsidiaries are as follows: (continued)
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Qufu 3 Chunqiu Road, Qufu, Shandong 273100, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Sanya 88 North Hai Tang Road, Sanya, Hainan 572000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Lhasa 19 Norbulingka Road, Lhasa, Tibet Autonomous Region 850000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Nanjing 329 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province 210037, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Qinhuangdao 123 Hebin Road, Haigang District, Qinhuangdao, Hebei 066000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hefei 256 Suixi Road, Luyang District, Hefei, Anhui Province 230041 The People's Republic of China	Hotel operation	Medium lease
Shangri-La Resort, Shangri-La 1, Chicika Street, Jiantang Town, Shangri-La, Diqing Tibetan Autonomous Prefecture, Yunnan Province 674499, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Songbei, Harbin 1 Songbei Avenue, Songbei District, Harbin 150028, The People's Republic of China	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties the Company's subsidiaries are as follows: (continued)
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Xiamen Guanyinshan International Business Centre, No. 168 Taidong Road, Siming District, Fujian, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Zhoushan 18 Qiandao Road, Dinghai District, Zhoushan, Zhejiang Province 316000, The People's Republic of China	Hotel operation	Medium lease
Makati Shangri-La, Manila Ayala Avenue corner Makati Avenue, Makati City 1200, The Philippines	Hotel operation	Medium lease
Edsa Shangri-La, Manila 1 Garden Way, Ortigas Centre, Mandaluyong City 1650, The Philippines	Hotel operation	Medium lease
Shangri-La Mactan, Cebu Punta Engano Road, Lapu-Lapu, Cebu 6015, The Philippines	Hotel operation	Medium lease
Shangri-La Boracay Barangay Yapak, Boracay Island, Malay, Aklan 5608, The Philippines	Hotel operation	Freehold
Shangri-La Yanuca Island, Fiji Yanuca Island, Coral Coast, Fiji Islands, Fiji	Hotel operation	Medium lease
Shangri-La Singapore 22 Orange Grove Road, 258350, Singapore	Hotel operation	Freehold

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties the Company's subsidiaries are as follows: (continued)
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Rasa Sentosa, Singapore 101 Siloso Road, Sentosa 098970, Singapore	Hotel operation	Long lease
JEN Singapore Orchardgateway by Shangri-La 277 Orchard Road, 238858, Singapore	Hotel operation	Short lease for building
Shangri-La Kuala Lumpur 11 Jalan Sultan Ismail, Kuala Lumpur 50250, Malaysia	Hotel operation	Freehold
Shangri-La Rasa Sayang, Penang Batu Feringgi Beach, Penang 11100, Malaysia	Hotel operation	Freehold
JEN Penang Georgetown by Shangri-La Magazine Road, George Town, Penang 10300, Malaysia	Hotel operation	Long lease
Shangri-La Golden Sands, Penang Batu Feringgi Beach, Penang 11100, Malaysia	Hotel operation	Freehold
Shangri-La Rasa Ria, Kota Kinabalu Pantai Dalit, PO Box 600, Tuaran, Kota Kinabalu, Sabah 89208, Malaysia	Hotel and golf club operation	Long lease
Sule Shangri-La, Yangon 223 Sule Pagoda Road, Yangon, G.P.O Box 888, Myanmar	Hotel operation	Medium lease
Shangri-La Bangkok 89 Soi Wat Suan Plu New Road, Bangrak, Bangkok 10500, Thailand	Hotel operation, residential and office rental	Freehold

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties the Company's subsidiaries are as follows: (continued)
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Chiang Mai 89/8 Chang Klan Road, Muang, Chiang Mai 50100, Thailand	Hotel operation	Freehold
Shangri-La's Villingili Resort & Spa, Maldives Villingili Island, Addu Atoll, Republic of Maldives	Hotel operation	Long lease
JEN Maldives Malé by Shangri-La Ameer Ahmed Magu, Malé 20096, Republic of Maldives	Hotel operation	Medium lease
Shangri-La Tokyo Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8283, Japan	Hotel operation	Medium lease for building
Shangri-La The Shard, London 31 St Thomas Street, London SE1 9QU, United Kingdom	Hotel operation	Medium lease for building
Shangri-La Paris 10 Avenue d'Iena, Paris 75116, France	Hotel operation	Freehold
Shangri-La The Marina, Cairns Pierpoint Road, Cairns, Queensland 4870, Australia	Hotel operation	Medium lease
Shangri-La Sydney 176 Cumberland Street, The Rocks, Sydney NSW 2000, Australia	Hotel operation	Long lease

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties the Company's subsidiaries are as follows: (continued)
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Ulaanbaatar 19 Olympic Street, Sukhbaatar District-1, Ulaanbaatar 14241, Mongolia	Hotel operation	Medium lease
Shangri-La Hambantota Sittrakala Estate, Chithragala, Ambalantota, Sri Lanka	Hotel operation	Medium lease
Shangri-La Colombo 1 Galle Face, Colombo 2, Sri Lanka	Hotel operation	Freehold

(b) Details of hotel properties of the operating associates are as follows:
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
China World Hotel, Beijing 1 Jian Guo Men Wai Avenue, Beijing 100004, The People's Republic of China	Hotel operation	Medium lease
JEN Beijing by Shangri-La 1 Jian Guo Men Wai Avenue, Beijing 100004, The People's Republic of China	Hotel operation	Medium lease
China World Summit Wing, Beijing 1 Jian Guo Men Wai Avenue, Beijing 100004, The People's Republic of China	Hotel operation	Medium lease
Kerry Hotel, Beijing 1 Guanghua Road, Beijing 100020, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Beijing 29 Zizhuyuan Road, Beijing 100089, The People's Republic of China	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of hotel properties of the operating associates are as follows (continued):
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Hangzhou 78 Beishan Road, Hangzhou 310007, The People's Republic of China	Hotel operation	Medium lease
Kerry Hotel Pudong, Shanghai 1388 Hua Mu Road, Pudong, Shanghai 201204, The People's Republic of China	Hotel operation	Medium lease
Jing An Shangri-La, Shanghai 1218 Middle Yan'an Road, Jing An Kerry Centre, West Nanjing Road, Shanghai 200040, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Shenyang 115 Qingnian Avenue, Shenhe District, Shenyang, Liaoning 110016, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Tianjin 328 Haihe East Road, Hedong District, Tianjin 300019, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Jinan 106 Luoyuan Street, Lixia District, Jinan, Shandong Province 250011, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Nanchang 669, Cui Lin Road, Honggutan New District, Nanchang, Jiangxi Province 330038, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Tangshan 887, 889, Changhong West Road, Lubei District, Tangshan, Hebei 063000, The People's Republic of China	Hotel operation	Medium lease

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of hotel properties of the operating associates are as follows (continued):
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Midtown Shangri-La, Hangzhou 6 Changshou Road, Kerry Centre, Yan'an Road, Hangzhou 310006, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Putian 88 Jiuhua Xi Road, Longqiao Street, Chengxiang District, Putian, Fujian 351100, The People's Republic of China	Hotel operation	Medium lease
JEN Singapore Tanglin by Shangri-La 1A Cuscaden Road 249716, Singapore	Hotel operation	Long lease
Shangri-La Tanjung Aru, Kota Kinabalu 20 Jalan Aru, Tanjung Aru, Kota Kinabalu, Sabah 88100, Malaysia	Hotel operation	Long lease
Shangri-La Jakarta Kota BNI Jalan Jend. Sudirman Kav. 1, Jakarta 10220, Indonesia	Hotel operation	Medium lease
JEN Hong Kong by Shangri-La 508 Queen's Road West, Hong Kong	Hotel operation	Long lease
Shangri-La Bosphorus, Istanbul Sinanpasa Mah, Hayrettin Iskelesi Sok, No.1, Besiktas, Istanbul 34353, Turkey	Hotel operation	Freehold
Shangri-La Le Touessrok, Mauritius Coastal Road, Trou d'Eau Douce 42212, Mauritius	Hotel operation	Freehold/Long lease
Shangri-La The Fort, Manila 30th Street corner 5th Avenue, Bonifacio Global City, Taguig City, The Philippines	Hotel operation	Freehold

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 INVESTMENT PROPERTIES OF SUBSIDIARIES AND ASSOCIATES

(a) Details of principal investment properties of the subsidiaries are as follows: (lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Residences, Dalian 66 Renmin Road, Zhongshan District, Dalian 116001, The People's Republic of China	Residential rental	Medium lease
Shangri-La Centre, Chengdu 9 Binjiang Dong Road, Jinjiang District, Chengdu 610021, The People's Republic of China	Office and commercial rental	Medium lease
Shangri-La Centre, Qingdao 9 Xianggang Middle Road, Qingdao 266071, Shandong, The People's Republic of China	Office and commercial rental	Medium lease
Shangri-La Centre, Wuhan 700 Jianshe Avenue, Hankou, Wuhan 430015, The People's Republic of China	Office and commercial rental	Medium lease
Central Tower, Ulaanbaatar Sukhbaatar Square 2, Sukhbaatar -8, Ulaanbaatar 14200, Mongolia	Office and commercial rental	Medium lease
Shangri-La Centre, Ulaanbaatar 19A-C Olympic Street, Sukhbaatar District 1, Ulaanbaatar 14241, Mongolia	Office, commercial and residential rental	Medium lease
Shangri-La Apartments, Singapore 1 Anderson Road 259983, Singapore	Residential rental	Freehold
Shangri-La Residences, Singapore 1A Ladyhill Road 258685, Singapore	Residential rental	Freehold
UBN Tower, Kuala Lumpur UBN Complex, 10 Jalan P. Ramlee, Kuala Lumpur 50250, Malaysia	Office and commercial rental	Freehold

44 INVESTMENT PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of principal investment properties of the subsidiaries are as follows: (continued)
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
UBN Apartments, Kuala Lumpur UBN Complex, 10 Jalan P. Ramlee, Kuala Lumpur 50250, Malaysia	Residential rental	Freehold
Sule Square, Yangon 221, Sule Pagoda Road, Yangon, Myanmar	Office and commercial rental	Medium lease
Shangri-La Serviced Apartments, Yangon 150/150(A), Kan Yeik Thar Road, Mingalar Taung Nyunt Township Yangon, Myanmar	Residential rental	Medium lease
The Pier Retail Complex, Cairns Pierpoint Road, Cairns, Queensland 4870, Australia	Office and commercial rental	Medium lease
One Galle Face, Colombo 1A Centre Road, Galle Face, Colombo 02, Sri Lanka	Office, commercial and residential rental	Freehold

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 INVESTMENT PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of investment properties of the operating associates are as follows:
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
China World Trade Center 1 Jian Guo Men Wai Avenue, Beijing 100004, The People's Republic of China	Office, commercial and residential rental	Medium lease
Century Towers, Beijing 18 Guang Qu Men Wai Avenue, Beijing 100022, The People's Republic of China	Residential rental	Medium lease
Beijing Kerry Centre 1 Guanghua Road, Chaoyang District, Beijing 100020, The People's Republic of China	Office, commercial and residential rental	Medium lease
Jing An Kerry Centre 1218, 1228 and 1238 Yanan Zhong Road, 1539, 1551 and 1563, Nanjing Road West, Jing An District, Shanghai 200040, The People's Republic of China	Office, commercial and residential rental	Medium lease
Kerry Parkside Shanghai Pudong 1378 Hua Mu Road, Pudong, Shanghai 201204, The People's Republic of China	Office, commercial and residential rental	Medium lease
Tianjin Kerry Centre 283 Liuwei Road, Hedong District, Tianjin 300171, The People's Republic of China	Office, commercial and residential rental	Medium lease
Hangzhou Kerry Centre 385 Yan'an Road, Xiacheng District, Hangzhou 310006, The People's Republic of China	Office and commercial rental	Medium lease
Jinan Enterprise Square 102 Luoyuan Street, Lixia District, Jinan 250000, The People's Republic of China	Office and commercial rental	Medium lease

44 INVESTMENT PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of investment properties of the operating associates are as follows: (continued)
(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shenyang Kerry Centre 123, 125 and 125-1 Qingnian Avenue, Shenhe District, Shenyang 110200, The People's Republic of China	Office and commercial rental	Medium lease
Tanglin Mall, Singapore 163 Tanglin Road 247933, Singapore	Commercial rental	Long lease
Tanglin Place, Singapore 91 Tanglin Road 247918, Singapore	Office and commercial rental	Freehold

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December 2023 USD'000	As at 31 December 2022 USD'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,791	4,057
Investments in subsidiaries	4,117,683	4,031,939
Financial assets at FVPL – Club debentures	2,720	3,073
	4,124,194	4,039,069
Current assets		
Amounts due from subsidiaries	681,682	707,952
Dividends receivable, prepayments and deposits	544,937	583,163
Cash and cash equivalents	24,429	7,330
	1,251,048	1,298,445
Total assets	5,375,242	5,337,514
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital and premium	3,201,995	3,201,995
Shares held for share award scheme	(15,645)	(6,111)
Other reserves	1,543,971	1,546,510
Retained earnings	445,525	441,582
Total equity	5,175,846	5,183,976
LIABILITIES		
Current liabilities		
Accounts payable and accruals	5,101	3,198
Amounts due to subsidiaries	194,295	150,340
	199,396	153,538
Total liabilities	199,396	153,538
Total equity and liabilities	5,375,242	5,337,514
Net current assets	1,051,652	1,144,907
Total assets less current liabilities	5,175,846	5,183,976

The statement of financial position of the Company was approved by the Board of Directors on 22 March 2024 and was signed on its behalf.

KUOK Hui Kwong
Director

CHUA Chee Wui
Director

45 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement of other reserves of the Company:

	Share option reserve USD'000	Share award reserve USD'000	Capital redemption reserve USD'000	Contributed surplus USD'000 (Note)	Total USD'000
Balance at 1 January 2022	6,216	2,450	10,666	1,524,231	1,543,563
Share-based compensation under share award scheme	–	5,241	–	–	5,241
Vesting of shares under share award scheme	–	(2,294)	–	–	(2,294)
Balance at 31 December 2022 and 1 January 2023	6,216	5,397	10,666	1,524,231	1,546,510
Transfer from share option reserve to retained earnings	(6,216)	–	–	–	(6,216)
Share-based compensation under share award scheme	–	7,889	–	–	7,889
Vesting of shares under share award scheme	–	(4,212)	–	–	(4,212)
Balance at 31 December 2023	–	9,074	10,666	1,524,231	1,543,971

Note:

The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of companies being acquired, and represented the difference between the nominal value of the Company's issued shares and the value of net assets of the companies acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders.

Movement of retained earnings of the Company:

	2023 USD'000	2022 USD'000
Balance at 1 January	441,582	480,776
Vesting of shares under share award scheme	(154)	(592)
Transfer from share option reserve to retained earnings	6,216	–
Loss for the year	(2,119)	(38,602)
Balance at 31 December	445,525	441,582

46 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 22 March 2024.

FIVE-YEAR SUMMARY

The financial summary of the Group for the last five years is as follows:

	Year ended 31 December				
Results	2023 USD'000	2022 USD'000	2021 USD'000	2020 USD'000	2019 USD'000
Profit/(Loss) attributable to:					
Owners of the Company	184,139	(158,519)	(290,575)	(460,161)	152,485
Non-controlling interests	17,537	(28,933)	(53,844)	(50,423)	17,235

	As at 31 December				
Assets and liabilities	2023 USD'000	2022 USD'000	2021 USD'000	2020 USD'000	2019 USD'000
Total assets	12,862,586	12,633,506	13,474,267	14,008,158	13,722,073
Total liabilities	7,394,543	7,208,991	7,424,403	7,693,411	7,218,040
Total equity	5,468,043	5,424,515	6,049,864	6,314,747	6,504,033

ABBREVIATIONS

In this Annual Report (except for the independent Auditor's report and the Financial Statements), the following expressions have the following meanings:

"Annual General Meeting"	forthcoming 2024 annual general meeting of the Company
"Annual Report"	this 2023 annual report of the Company
"Audit & Risk Committee" or "ARC"	audit & risk committee of the Company
"Auditor"	statutory auditor of the Company, currently being PricewaterhouseCoopers, Hong Kong
"Board"	board of Directors
"Bye-Laws"	bye-laws of the Company
"CEO", "CFO", "CHRO", "CIO", "COO" and "CTO"	chief executive officer, chief financial officer, chief human resources officer, chief investment officer, chief operating officer and chief technology officer, respectively, of the Company/Group
"CG Model Code"	code provisions as set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules
"CG Principles"	corporate governance principles of the Company adopted by the Board on 19 March 2012 and as revised from time to time, and such principles align with and/or incorporate terms that are stricter than the CG Model Code, save for that disclosed (if any) in the corporate governance report in this Annual Report
"Chairman" or "Deputy Chairman"	chairman and deputy chairman (if any), respectively, of the Board
"China" or "Mainland China"	The People's Republic of China, excluding Hong Kong and Macau
"Company"	Shangri-La Asia Limited
"Director(s)"	director(s) of the Company
"Directors' Report"	the Directors' report as set out in this Annual Report
"EBITDA"	earnings before finance costs, tax, depreciation and amortisation, gains/losses on disposal of fixed assets and non-operating items such as gains/losses on disposal of interest in investee companies; fair value gains/losses on investment properties and financial assets; and impairment losses on fixed assets which is a non-HKFRS financial measure used to measure the Group's operating profitability
"ESG"	environmental, social and governance
"Executive Committee"	executive committee of the Company
"Executive Director(s)" or "ED(s)"	executive Director(s)

ABBREVIATIONS

"Financial Statements"	consolidated financial statements of the Group for the Financial Year as set out on pages 108 to 227 of this Annual Report
"Financial Year"	financial year ended 31 December 2023
"Group"	Company and its subsidiaries
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKSE"	The Stock Exchange of Hong Kong Limited
"Hotel Management Services"	hotel management, marketing, communication, training, and/or reservation services, and/or any hotel related services
"Independent Non-executive Director(s)" or "INED(s)"	independent non-executive Director(s)
"KGL"	Kerry Group Limited, a Substantial Shareholder, and a connected person of the Company
"KHL"	Kerry Holdings Limited, a Substantial Shareholder and a subsidiary of KGL, and a connected person of the Company
"KPL"	Kerry Properties Limited, whose controlling shareholders include KHL and KGL, and thus is an associate of each of them, and accordingly a connected person of the Company
"Listing Rules"	Rules Governing the Listing of Securities on HKSE
"Nomination Committee"	nomination committee of the Company
"Non-executive Director(s)" or "NED(s)"	non-executive Director(s)
"Other Major Shareholder(s)"	Shareholder(s) (other than Substantial Shareholder(s)) whose interests and short positions in Shares and underlying Shares are recorded in the register required to be kept by the Company under Section 336 of the SFO, and in general, being Shareholder(s) deemed to have interest of 5% or more but less than 10% in the Company
"Remuneration & Human Capital Committee"	remuneration & human capital committee of the Company
"RevPAR"	revenue per available room which is a key hotel performance indicator used to measure the average room revenue generated by each available hotel room on a daily basis
"Securities Model Code"	code set out in the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules

"Securities Principles"	principles for securities transactions by Directors or any non-Directors of the Company adopted by the Board on 19 March 2012 and as revised from time to time, whose terms align with and/or incorporate terms that are stricter than the Securities Model Code
"Senior Management"	member(s) of the senior management of the Group as indicated in the section entitled "Board of Directors, Company Secretary and Senior Management" in this Annual Report
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HKD1.00 each in the Company
"Shareholder(s)"	shareholder(s) of the Company
"SLIM-HK"	Shangri-La International Hotel Management Limited, a wholly owned subsidiary of the Company incorporated in Hong Kong, and whose principal business is the provision of Hotel Management Services
"SLIM-PRC"	Shangri-La Hotel Management (Shanghai) Co, Limited, a wholly owned subsidiary of the Company incorporated in Mainland China, and whose principal business is the provision of Hotel Management Services
"substantial shareholder(s)"	as defined in the Listing Rules and in general, being shareholder(s) deemed to have interest of 10% or more in a company, and "Substantial Shareholder(s)" shall mean substantial shareholder(s) of the Company
"Sustainability Report"	the 2023 sustainability report published simultaneously with the Annual Report
"Year End"	31 December 2023

THE GROUP'S LISTED MEMBERS

Shangri-La Asia Limited
(stock exchange - Hong Kong)
(stock code - 69)

(subsidiary)	(subsidiary)	(associate)
Shangri-La Hotels (Malaysia) Berhad (stock exchange - Malaysia) (stock code - 5517)	**Shangri-La Hotel Public Company Limited** (stock exchange - Thailand) (stock code - SHANG)	**China World Trade Center Company Limited** (stock exchange - Shanghai, China) (stock code - 600007)